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CASE Ukraine

Raiffeisen Bank Aval

Dragon Capital

The Bleyzer Foundation

FOREX CLUB in Ukraine

State enterprise “Ukrainian Industrial  
External Expertize”

# Ukraine: perspectives of the development

## CONSENSUS FORECAST

Issue 34,  
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**UKRAINE: PERSPECTIVES OF THE DEVELOPMENT (CONSENSUS FORECAST)** is a publication by the Ministry of Economic Development and Trade of Ukraine (MEDT) prepared by the Department of macroeconomic forecasting with support of the United Nations Development Programme (UNDP) in the framework of the Acceleration of the Millennium Development Goals – Ukraine Project (AMDGP). It will be useful to the government officials, experts of central and local executive authorities, academia, representatives of public organizations, and everyone interested in the matters of the country's socioeconomic development and macroeconomic forecasting.

The publication contains materials presented during the seminar on macroeconomic forecasting held on 20 December 2013.

Seminars on forecasting aim to improve the quality of macroeconomic forecasts by means of expert discussions (of forecasts, current economic tendencies, results of research), achieving the consensus concerning the prospective vision of further ways of the country's development, and exchange information among major forecasting organizations (governmental institutions, international financial organizations, scientific research institutes, analytical centres, nongovernmental organizations, etc.).

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**Consensus Forecast** is an "averaged" value of the most important forecast economic development indicators of Ukraine calculated on the basis of expert estimates provided by participants of the Consensus Forecast survey. The consensus forecast for 2013-2014 presented in the publication has been calculated on the basis of materials provided by the experts of the Ministry of Economic Development and Trade of Ukraine, GI "Institute of Economics and Forecasting of the National Academy of Sciences of Ukraine", Economic Research Institute, Institute of Economic Research and Policy Consulting, National Institute for Strategic Studies, Institute of Evolutionary Economics, G. M. Dobrov Center for Studying R&D Potential and Science History, Federation of employers of Ukraine, Taras Shevchenko National University of Kyiv, Delegation of the European Union to Ukraine, International Centre for Policy Studies, CASE Ukraine, Raiffeisen Bank Aval, The Bleyzer Foundation, Dragon Capital, FOREX CLUB in Ukraine and State enterprise "Ukrainian Industrial External Expertize".

**The Consensus Forecast is based on the consultations and discussions with the experts. We would like to highlight that all the forecast indicators presented by the participants of the seminar are only independent expert estimates and not official forecasts of the relevant institutions.**

We express deep gratitude to all the experts who participated in the Consensus Forecast initiative.

Table 1

### MAIN MACROECONOMIC INDICATORS FOR 2007-2012

Indicator	2007	2008	2009	2010	2011	2012
<b>Real sector, UAH mln</b>						
Nominal GDP	720 731	948 056	913 345	1 082 569	1 302 079	1 408 889
Consumption	558 581	758 902	772 826	914 230	1 113 008	1 269 601
Investments	203 318	264 883	155 815	199 918	270 019	2570335
Net export of goods and non-factorial services	-41 168	-75 729	-15 296	-31 579	-80 948	-118 047
<i>Index, year to year</i>						
Actual GDP	107,9	102,3	85,2	104,1	105,2	100,2
Consumption	113,6	110,1	87,8	106,4	111,1	109,6
Gross accumulation of the fixed capital	123,9	98,8	49,5	103,9	107,1	100,9
Exports of goods and services	103,3	105,7	78,0	103,9	104,3	92,3
Imports of goods and services	121,5	117,0	61,1	111,3	117,7	101,9
<b>Inflation, index</b>						
Consumer price index (annual average)	112,8	125,2	115,9	109,4	108,0	100,6
Dec. versus Dec. of the previous year	116,6	122,3	112,3	109,1	104,6	99,8
Producer price index (annual average)	119,5	135,5	106,5	120,9	119,0	103,7
Dec. versus Dec. of the previous year	123,3	123,0	114,3	118,7	114,2	100,3
<b>External sector, USD mln</b>						
Current account	-5 272	-12 763	-1 732	-3 018	-10 245	-14 326
Exports of goods and services	64 001	85 612	54 253	69 255	88 844	90 035
Imports of goods and services	72 153	99 962	56 206	73 239	99 001	-104 361
Foreign direct investments	9 218	9 903	4 654	5 759	7 015	6 627
<b>External sector, USD mln</b>						
Current account	-3,7	-7,1	-1,5	-2,2	-6,3	-8,1
Exports of goods and services	44,8	47,6	46,3	50,8	54,5	51,1
Imports of goods and services	50,6	55,6	47,9	53,7	60,8	59,2
Foreign direct investments	6,5	5,5	4,0	4,2	4,3	3,8
<b>External sector, % year to year (nominal)</b>						
Exports of goods and services	127,4	133,8	63,4	127,7	128,3	101,3
Imports of goods and services	135,4	138,5	56,2	130,3	135,2	105,4
<b>Rate of exchange, UAH/USD</b>						
Average	5,05	5,27	7,79	7,94	7,97	7,99
End of period	5,05	7,70	7,99	7,96	7,99	7,99
<b>Consolidated budget, UAH mln</b>						
All revenues	219 939	297 845	272 967	314 506	398 554	445 525
All expenditures (including lending)	227 610	312 028	310 225	379 191	421 612	492 454
Total balance	-7 671	-14 183	-37 258	-64 685	-23 058	-46 929
Privatisation	2 459	482	808	1 093	11 480	6 763
<b>Consolidated budget, % of GDP</b>						
All revenues	30,5	31,4	29,9	29,1	30,6	31,6
All expenditures (including lending)	31,6	32,9	34,0	35,0	32,3	35,0
Total balance	-1,1	-1,5	-4,1	-5,9	-1,8	-3,3
Privatisation	0,3	0,05	0,1	0,1	0,9	0,5
<b>Money and credit</b>						
Base money (as of the end of period), UAH mln	141 901	186 671	194 965	225 692	239 885	255 283
Dec. versus Dec. of the previous year, %	46,0	31,6	4,4	15,8	6,3	6,4
Money Supply (M3) (as of the end of period), UAH mln	396 156	515 727	487 298	597 872	685 515	773 199
Dec. versus Dec. of the previous year, %	51,7	30,2	-5,5	22,7	14,7	12,8
<b>Monthly average wage of workers, UAH</b>	1 351	1 806	1 906	2 239	2 633	3 026
<b>Nominal adjusted to the CPI, % to previous year</b>	115,0	106,8	91,0	109,7	108,9	114,2

Table 2

**DYNAMICS OF THE CONSENSUS FORECAST FOR 2011  
(March 2010 – November 2011)**

Indicator	2011 report	March 2010	Deviation (March 2010 / Report 2011)	March 2011	Deviation (March 2011 / Report 2011)	November 2011	Deviation (November 2011 / Report 2011)
<b>Real sector, UAH mln</b>							
Nominal GDP	1 302 079	1 244 736	-4,4%	1 268 997	-2,5%	1 294 550	-0,6%
Consumption	1 113 008	1 004 024	-9,8%	1 050 248	-5,6%	1 085 719	-2,5%
Investments	270 019	254 540	-5,7%	257 366	-4,7%	262 502	-2,8%
Net export of goods and non-factorial services	-80 948	-16 431	+64 517	-36 431	+44 517	-55 688	+25 260
<i>Index, year to year</i>							
Actual GDP	105,2	104,7	-0,5 p.p.	104,6	-0,6 p.p.	104,7	-0,5 p.p.
Consumption	111,1	104,5	-6,6 p.p.	104,3	-6,8 p.p.	107,1	-4,0 p.p.
Investments	107,1	109,3	+2,2 p.p.	111,3	4,2 p.p.	110,8	+3,7 p.p.
<b>Inflation, index</b>							
Consumer price index (annual average)	108,0	110,6	+2,6 p.p.	110,3	+2,3 p.p.	109,2	+1,2 p.p.
Dec. versus Dec. of the previous year	104,6	110,1	+5,5 p.p.	111,1	+6,5 p.p.	109,0	+4,4 p.p.
Producer price index (annual average)	119,0	111,5	-7,5 p.p.	116,3	-2,7 p.p.	118,5	-0,5 p.p.
Dec. versus Dec. of the previous year	114,2	111,1	-3,1 p.p.	116,5	+2,3 p.p.	119,6	+5,4 p.p.
<b>External sector, USD mln</b>							
Current account	-10 245	-999	+9246	-3 650	+6595	-6 305	+3940
Exports of goods and services	88 844	68 924	-22,4%	80 627	-9,2%	86 038	-3,2%
Imports of goods and services	99 001	70 942	-28,3%	85 178	-14,0%	93 112	-5,9%
Foreign direct investments	7 015	6 628	+16 873	6 348	+16 593	5 908	+16 153
<b>External sector, % of GDP</b>							
Current account	-6,3	-0,7	+5,6%	-2,3	-7,9%	-3,9	+4,0
Exports of goods and services	54,5	45,4	-9,1%	50,5	-4,0%	53,0	-1,5%
Imports of goods and services	60,8	46,8	-14,0%	53,4	-7,4%	57,4	-3,4%
Foreign direct investments	4,3	4,4	+0,1%	4,0	-0,3%	3,6	-0,7%
<b>External sector, % year to year (nominal)</b>							
Exports of goods and services	128,3	111,9	-16,4 p.p.	117,8	-10,5 p.p.	126,4	-1,9 p.p.
Imports of goods and services	135,2	112,4	-22,8 p.p.	117,9	-17,3 p.p.	129,4	-5,8 p.p.
<b>Rate of exchange, UAH/USD</b>							
Average	7,97	8,20	+2,9%	7,95	-0,3%	7,98	+0,1%
End of period	7,99	8,23	+3,0%	8,00	+0,1%	8,06	+0,9%
<b>Consolidated budget, UAH mln</b>							
All revenues	398 554	377 835	-5,2%	372 637	-6,5%	393 352	-1,3%
All expenditures (including lending)	421 612	413 808	-1,8%	419 387	-0,5%	427 358	+1,4%
Total balance	-23 058	-35 973	-12 915	-46 750	-23 692	-34 006	-10 948
Privatisation	11 480	4 648	-6 832	10 683	-797	10 396	-1 084
<b>Consolidated budget, % of GDP</b>							
All revenues	30,6	30,4	-0,2 p.p.	29,4	-1,2 p.p.	30,4	-0,2 p.p.
All expenditures (including lending)	32,3	33,2	+0,9 p.p.	33,0	+0,7 p.p.	33,0	+0,7 p.p.
Total balance	-1,8	-2,9	-1,1 p.p.	-3,7	-1,9 p.p.	-2,6	-0,8 p.p.
Privatisation	0,9	0,4	-0,5 p.p.	0,8	-0,1 p.p.	0,8	-0,1 p.p.
<b>Money and credit</b>							
Base money (as of the end of period), UAH mln	239 885	225 126	-6,2%	258 721	+7,9%	253 519	+5,7%
Dec. versus Dec. of the previous year, %	6,3	14,6	+8,3 p.p.	14,3	+8,0 p.p.	11,4	+5,1 p.p.
Money Supply (M3) (as of the end of period), UAH mln	685 515	575 552	-16,0%	706 572	+3,1%	699 363	+2,0%
Dec. versus Dec. of the previous year, %	14,7	17,0	+2,3 p.p.	18,5	+3,8 p.p.	16,8	+2,1 p.p.
<b>Monthly average wage of workers, UAH</b>	2 633	2 248	-14,6%	2 523	-4,2%	2 651	+0,7%

Table 3

**DYNAMICS OF THE CONSENSUS FORECAST FOR 2012**  
**(March 2011 – November 2012)**

Indicator	2012 report	March 2012	Deviation (March 2011 / Report 2012)	April 2012	Deviation (April 2012 / Report 2012)	November 2012	Deviation (November 2012 / Report 2012)
<b>Real sector, UAH mln</b>							
Nominal GDP	1 408 889	1 490 776	+5,8%	1 479 807	+5,0%	1 422 682	+1,0%
Consumption	1 269 601	1 223 531	-3,6%	1 233 219	-2,9%	1 232 248	-2,9%
Investments	257 335	325 159	+26,4%	329 075	+27,9%	276 889	+7,6%
Net export of goods and non-factorial services	-118 047	-42 886	+75 161	-82 551	+35 496	-101 689	+16 358
<i>Index, year to year</i>							
Actual GDP	100,2	105,1	+4,9 p.p.	103,2	+3,0 p.p.	101,0	+0,8 p.p.
Consumption	109,6	105,1	-4,5 p.p.	104,6	-5,0 p.p.	106,6	-3,0 p.p.
Investments	100,9	110,2	+9,3 p.p.	104,2	+3,3 p.p.	95,7	-5,2 p.p.
<b>Inflation, index</b>							
Consumer price index (annual average)	100,6	109,6	+9,0 p.p.	105,3	+4,7 p.p.	102,3	+1,7 p.p.
Dec. versus Dec. of the previous year	99,8	109,2	+9,4 p.p.	108,0	+8,2 p.p.	103,6	+3,8 p.p.
Producer price index (annual average)	103,7	113,2	+9,5 p.p.	108,6	+4,9 p.p.	105,8	+2,1 p.p.
Dec. versus Dec. of the previous year	100,3	112,7	+12,4 p.p.	110,5	+10,2 p.p.	106,1	+5,8 p.p.
<b>External sector, USD mln</b>							
Current account	-14 326	-4 354	+9 972	-9657	+5 104	-12 085	2 676
Exports of goods and services	90 035	90 980	+1%	105 003	+17,0%	90 353	+0,7%
Imports of goods and services	-104 361	-96 386	-7,6%	-115 011	+10,0%	-103 775	-0,7%
Foreign direct investments	6 627	6 510	-117	6 070	-557	5 993	-634
<b>External sector, % of GDP</b>							
Current account	-8,1	-2,3	+10,4 p.p.	-5,3	+3,1 p.p.	-6,9	+1,5 p.p.
Exports of goods and services	51,1	48,8	-2,3 p.p.	52,2	+1,3 p.p.	51,5	+0,6 p.p.
Imports of goods and services	59,2	51,7	-7,5 p.p.	57,7	-1,6 p.p.	-58,9	-118,2 p.p.
Foreign direct investments	3,8	1,9	-1,9 p.p.	3,3	-0,5 p.p.	3,4	-0,4 p.p.
<b>External sector, % year to year (nominal)</b>							
Exports of goods and services	101,3	112,8	+11,4 p.p.	110,1	+9,1 p.p.	102,2	+1,2 p.p.
Imports of goods and services	105,4	113,0	+7,2 p.p.	110,5	+4,9 p.p.	105,3	-0,3 p.p.
<b>Rate of exchange, UAH/USD</b>							
Average	7,99	8,03	+0,5%	8,10	+1,4%	8,08	+1,1%
End of period	7,99	8,04	+0,6%	8,34	+4,4%	8,41	+5,3%
<b>Consolidated budget, UAH mln</b>							
All revenues	445 525	434 066	-2,6%	439 922	-1,3%	439 075	-1,4%
All expenditures (including lending)	492 454	470 510	-4,5%	470 237	-4,5%	474 645	-3,6%
Total balance	-46 929	-36 444	-22,3%	-30 315	-35,4%	-35 570	-24,2%
Privatisation	6 763	7 392	+9,3%	9 500	+40,5%	8 274	+22,3%
<b>Consolidated budget, % of GDP</b>							
All revenues	31,6	29,0	-2,6 p.p.	29,7	-2,6 p.p.	30,9	-0,7 p.p.
All expenditures (including lending)	35,0	31,5	-3,5 p.p.	31,8	-3,5 p.p.	33,4	-1,6 p.p.
Total balance	-3,3	-2,4	+0,9 p.p.	-2,0	+0,9 p.p.	-2,5	+0,8 p.p.
Privatisation	0,5	0,5	0	0,6	0	0,6	+0,1 p.p.
<b>Money and credit</b>							
Base money (as of the end of period), UAH mln	255 283	292 104	+14,4%	266 850	+4,5%	264 521	+3,6%
Dec. versus Dec. of the previous year, %	6,4	14,1	+7,7 p.p.	11,2	+4,8 p.p.	10,3	+3,9 p.p.
Money Supply (M3) (as of the end of period), UAH mln	773 199	837 415	+8,3%	748 349	-3,2%	758 169	-1,9%
Dec. versus Dec. of the previous year, %	12,8	18,4	5,6 p.p.	9,2	-3,6 p.p.	10,6	-2,2 p.p.
<b>Monthly average wage of workers, UAH</b>	3 025	2 853	-5,7	3 386	+11,9%	3 040	+0,5%

**SHORT OVERVIEW OF CONSENSUS ASSUMPTIONS**  
***Consensus assumptions of macroeconomic forecast***

The main consensus assumptions of the participants of the seminar are shown in Table 4.

Table 4

	2013						2014:		
	April 2012	August 2012	November 2012	April 2013	August 2013	December 2013	April 2013	August 2013	December 2013
GDP, % real change:									
World	4,1	3,4	3,2	3,1	2,8	2,9	3,7	3,4	3,6
Russian Federation	4,1	3,7	3,6	3,5	2,8	2,1	3,8	3,4	3,0
USA	2,7	2,0	1,9	1,9	1,9	1,8	2,7	2,6	2,7
China			8,2	8,1	7,7	7,7	8,3	7,9	7,7
Euro area/EU	1,7	0,9	0,5	-0,1	-0,4	-0,5	1,1	1,0	1,1
Consumer Price Index, %, Dec to Dec:									
World	103,1	103,2	103,8	103,8	103,6	103,4	104,1	104,1	104,0
Russian Federation	107,3	106,4	106,3	106,7	106,4	106,4	106,3	106,3	106,0
USA	102,1	101,9	102,1	102,0	101,9	101,7	102,1	102,1	101,9
China			103,0	103,7	103,1	103,0	104,3	103,9	103,8
Euro area/EU	101,9	101,8	102,0	102,1	101,8	101,8	102,1	102,0	102,0
Exchange rate, ruble/USD	29,8	31,7	32,0	31,1	31,7	31,7	32,4	32,3	32,7
Exchange rate, euro/USD	x	1,3	1,28	1,3	1,3	1,3	1,3	1,3	1,3
Natural gas price, USD per 1 thousand cubic meters	292,9	436	425,5	425,2	421,6	413,5	419,3	399,1	405,5
Oil price, USD/barrel (annual average)	103,2	106,5	102,4	106,8	106	107,8	109,5	105,9	106,7

	2013						2014:		
	April 2012	August 2012	November 2012	April 2013	August 2013	December 2013	April 2013	August 2013	December 2013
Change in tariffs (Dec to Dec), %:									
Natural gas	x	37	29,0	25,0	9,4	6,5	13,8	14,3	15,6
Electricity	x	31,9	19,0	18,5	9,6	5,0	11,9	10,0	13,9
Water supply (utilities)	x	14	18,3	18,6	14,8	6,9	13,3	13,8	13,0
Drainage system (utilities)	x	13	18,2	18,7	17,2	8,4	11,4	14,4	15,0
Maintenance of buildings and structures and surrounding areas (rent)	x	15	16,2	16,8	11,7	7,8	11,3	10,4	13,9
Heating	x	32,5	25,0	22,0	12,5	7,0	16,3	15,4	14,5
Passengers, baggage and freight turnover by rail	x	20,5	14,3	15,7	16	16,0	13,3	13,3	19,0
Public telecommunications services connection	x	15	15	11,9	12,5	7,2	10,0	12,6	8,1
Other assumptions									
NBU discount rate, %, as of the period end	7,8	7,3	7,4	7,6	7,2	6,6	7,3	7,0	6,4
Minimum wage, UAH (annual average)	1073,7	1213,0	1195,2	1178	1170,9	1173,8	1361,5	1278,4	1277,2
Budget revenue from privatization, million UAH	7263,5	9487,5	9637,5	8800	6144	3145,5	9950	8972,5	7850
Gross grain yield, million tons	44,7	48,4	47,0	49,1	52,5	58,2	46,7	50,3	52,0

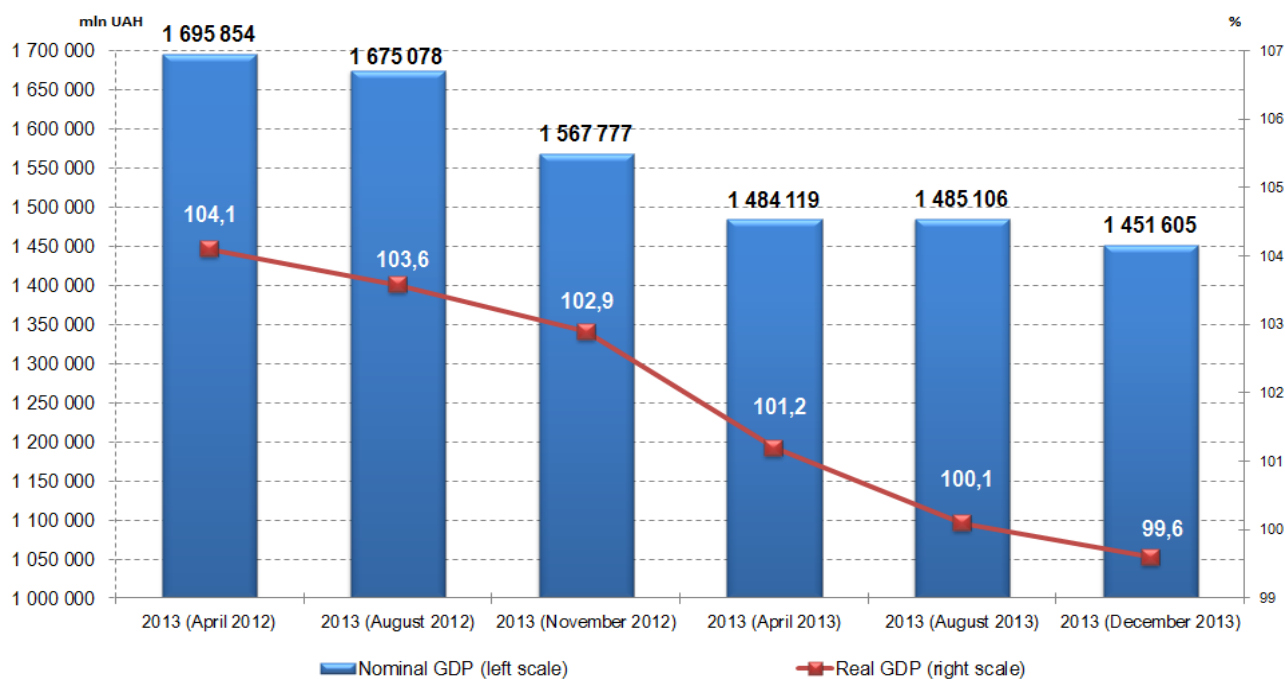


## FORECAST OF MACROECONOMIC INDICATORS FOR 2012-2013

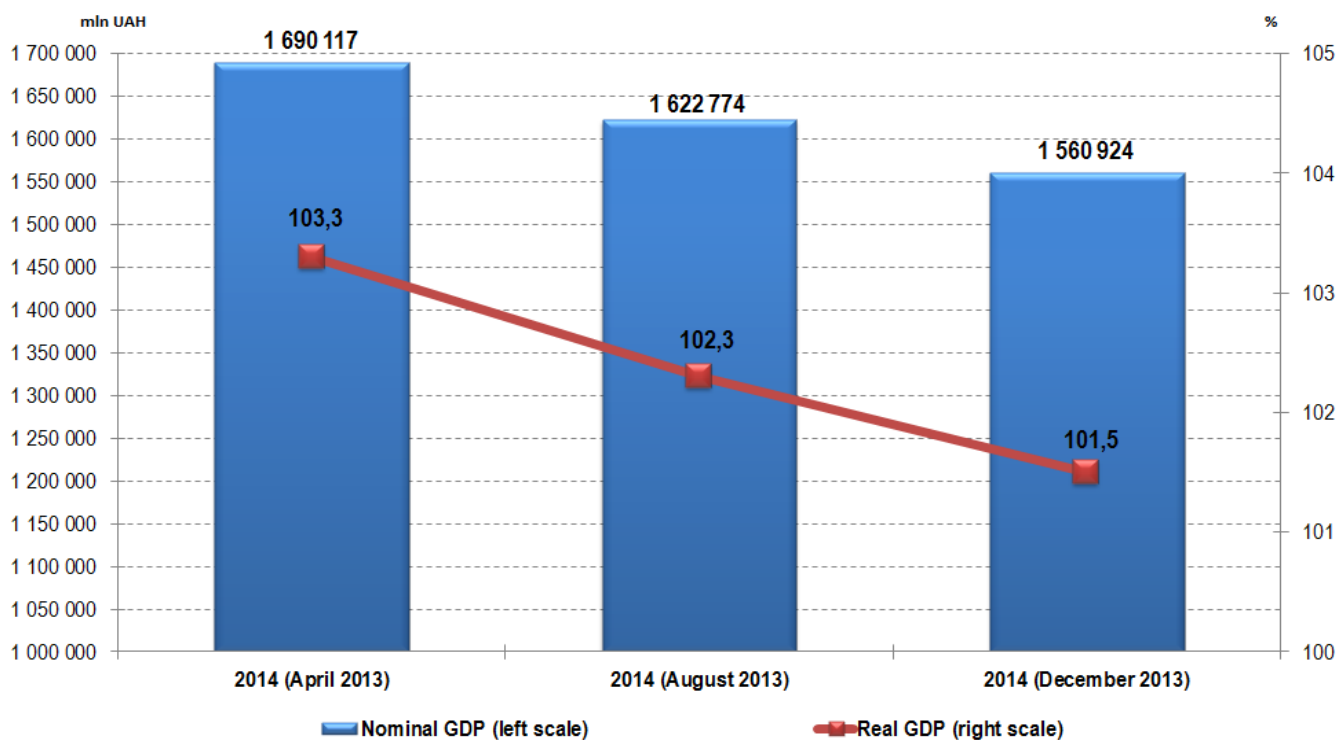
We call your attention to the sixth version of the Consensus Forecast of the main macro-indicators of Ukraine's economic and social development for 2013 and the third version of the Consensus Forecast of the main macro-indicators of Ukraine's economic and social development for 2014, calculated on the basis of materials provided by the attendees of the seminar (Tables. 9-13).

**Figure 1-2. Consensus forecast of nominal and real GDP in 2013-2014**

### 2013 year

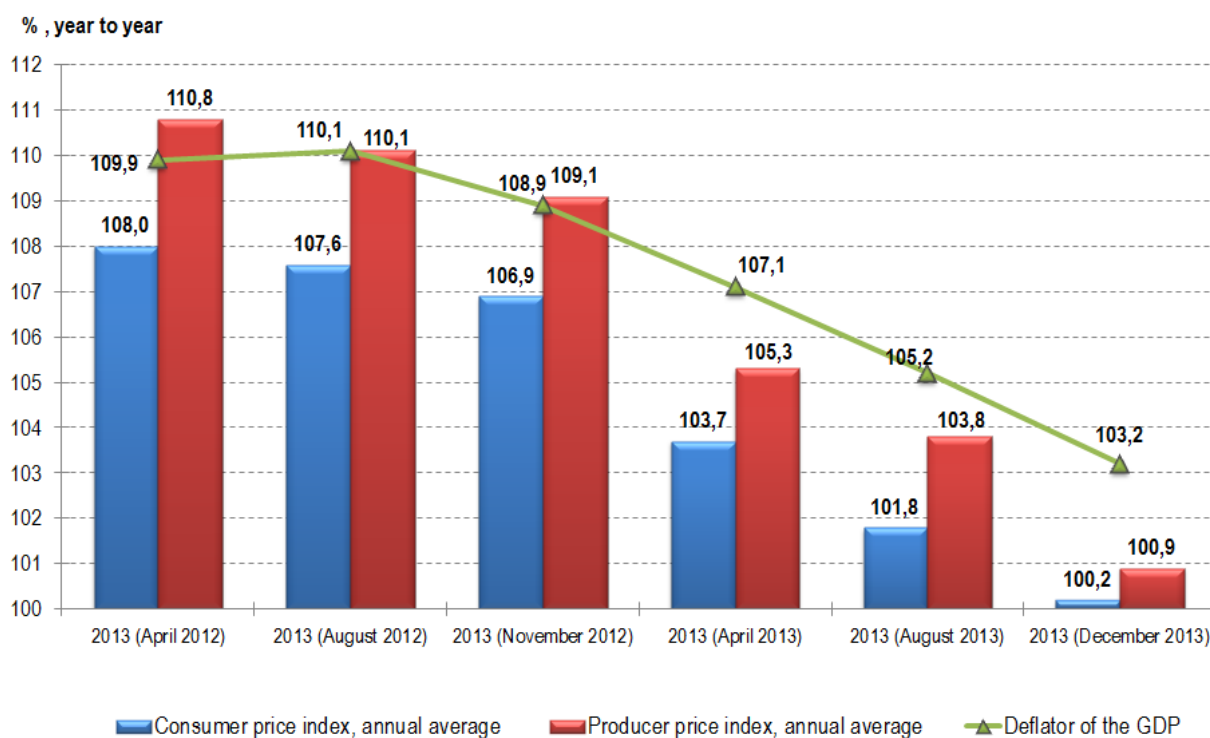


### 2014 year

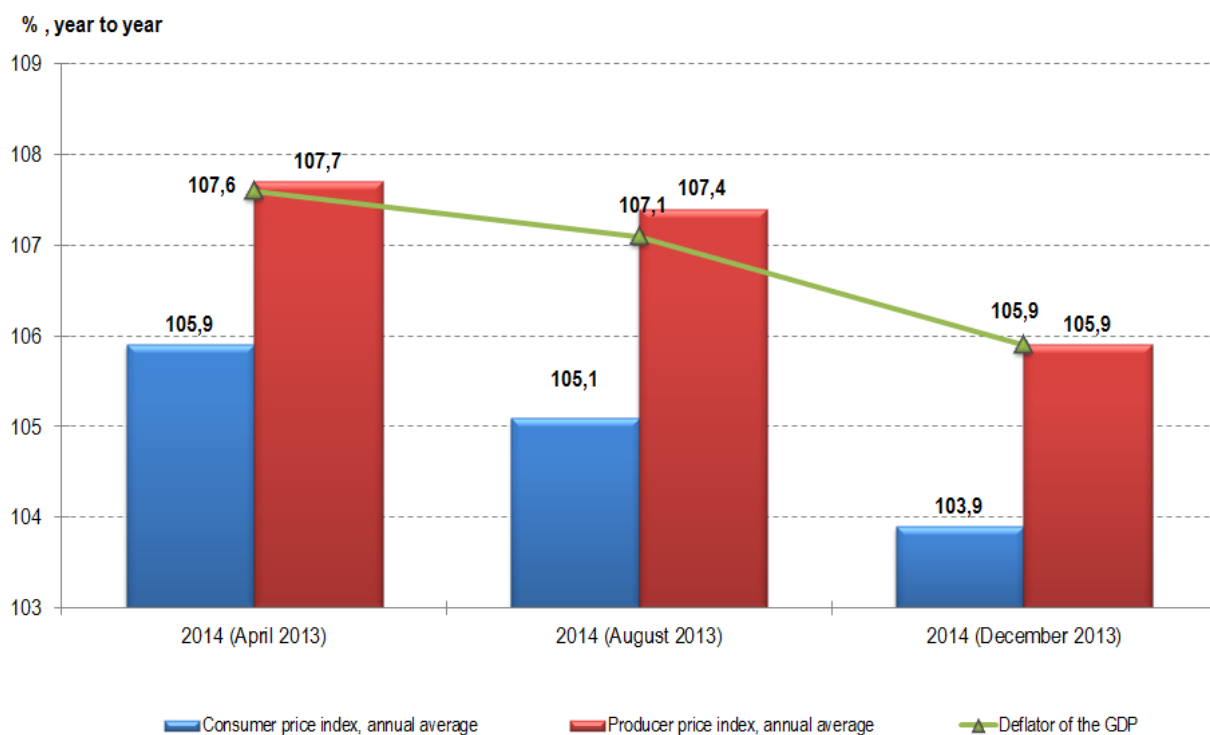


**Figure 3-4. Consensus forecast of price indices for 2013-2014**

**2013 year**

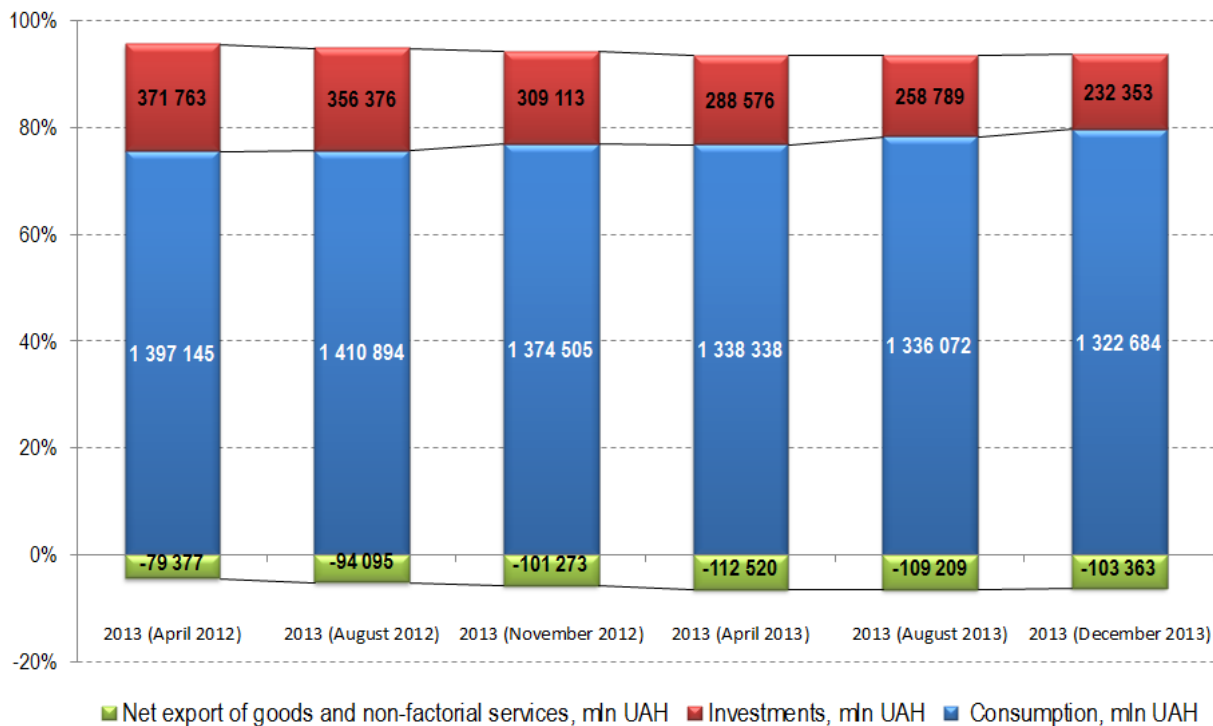


**2014 year**

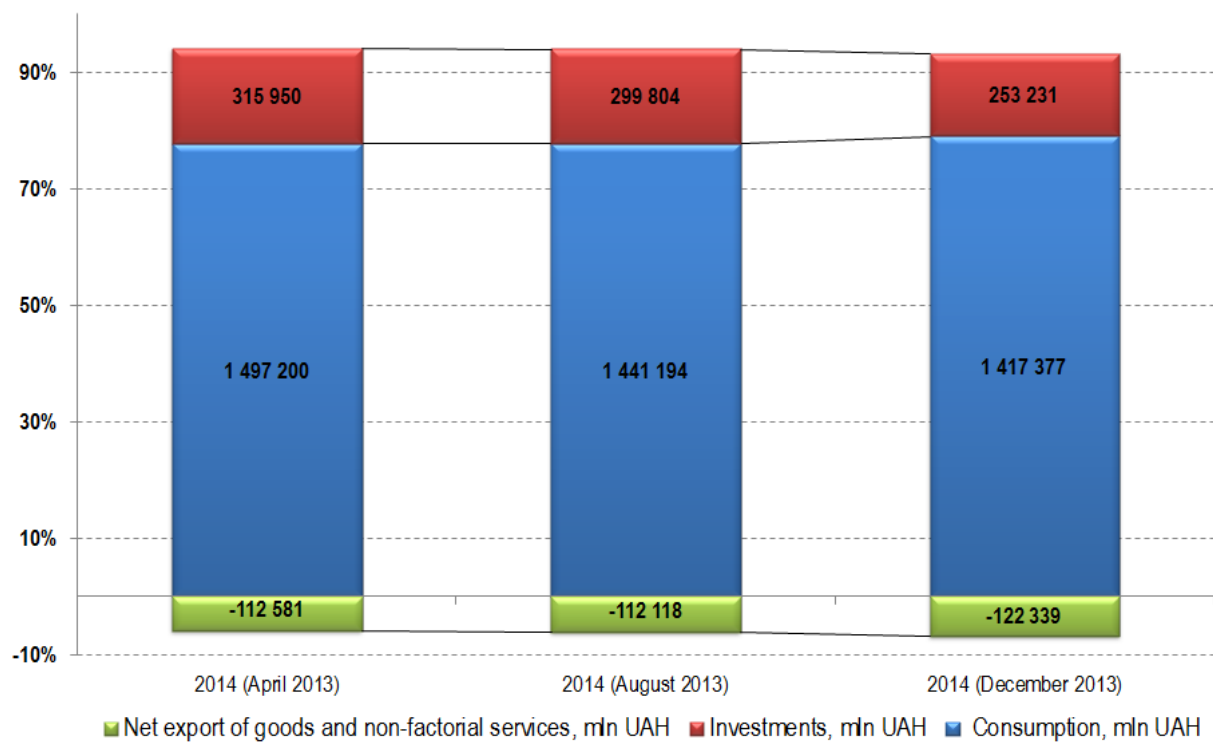


**Figure 5-6. Consensus forecast of main GDP components by end use category in 2013-2014**

**2013 year**

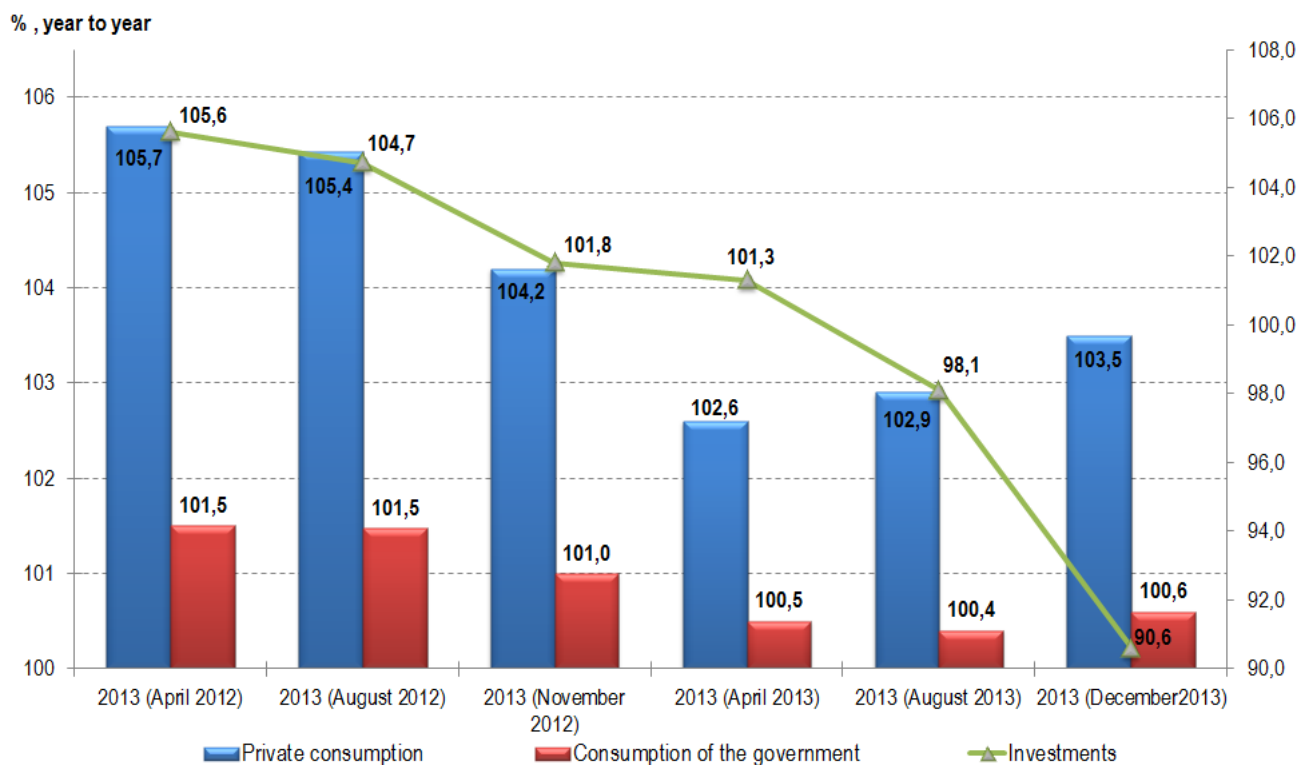


**2014 year**

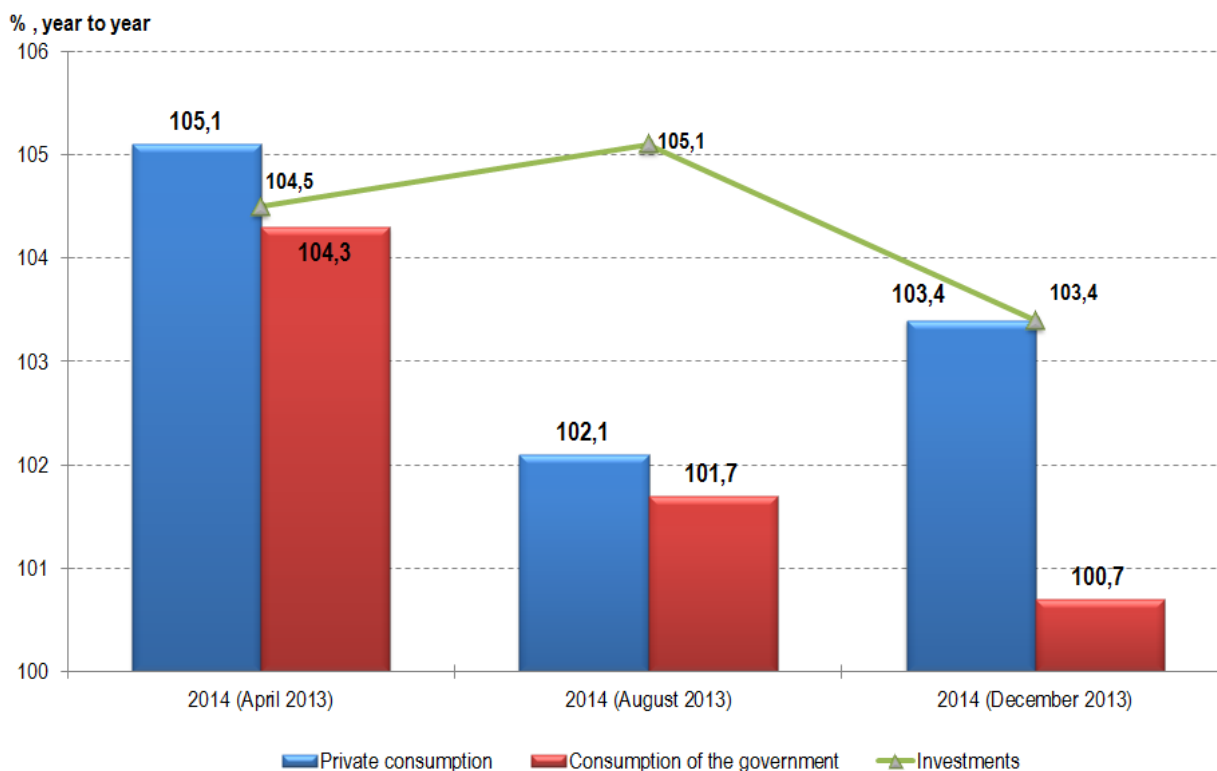


**Figure 7-8. Consensus forecast of private and government consumption and investments in 2013-2014**

**2013 year**

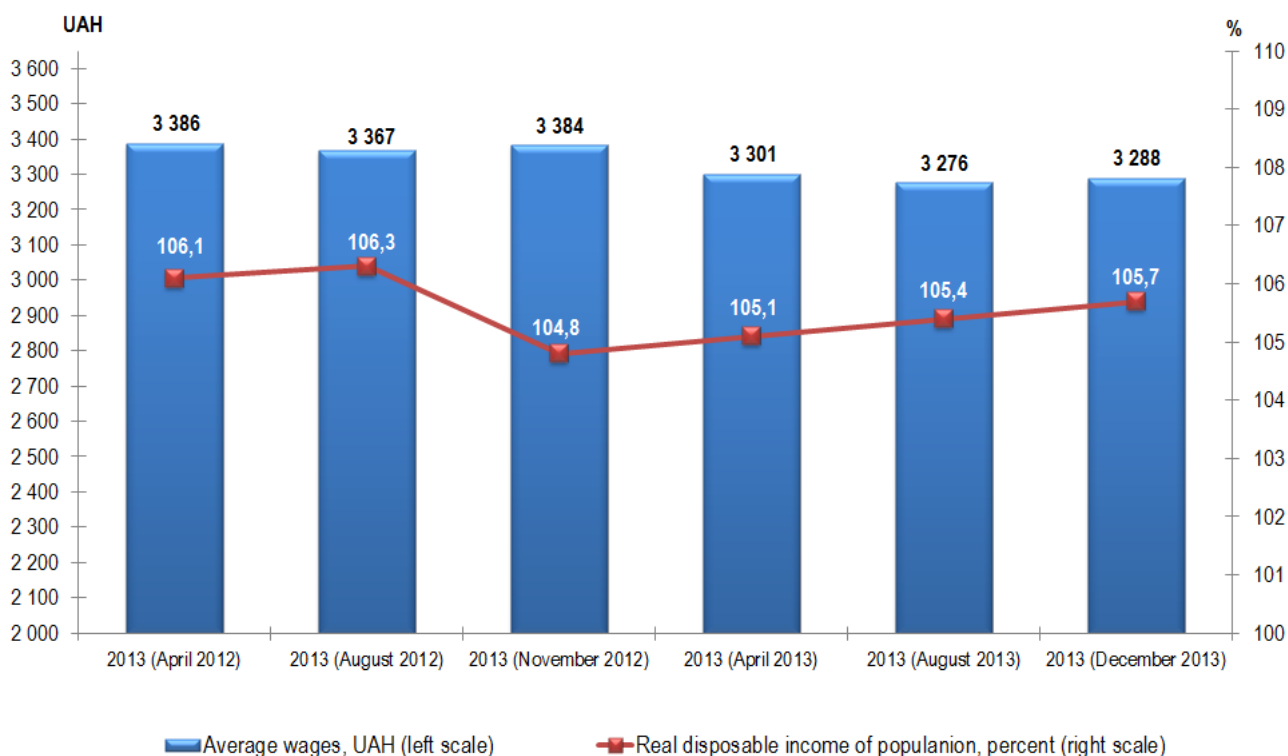


**2014 year**

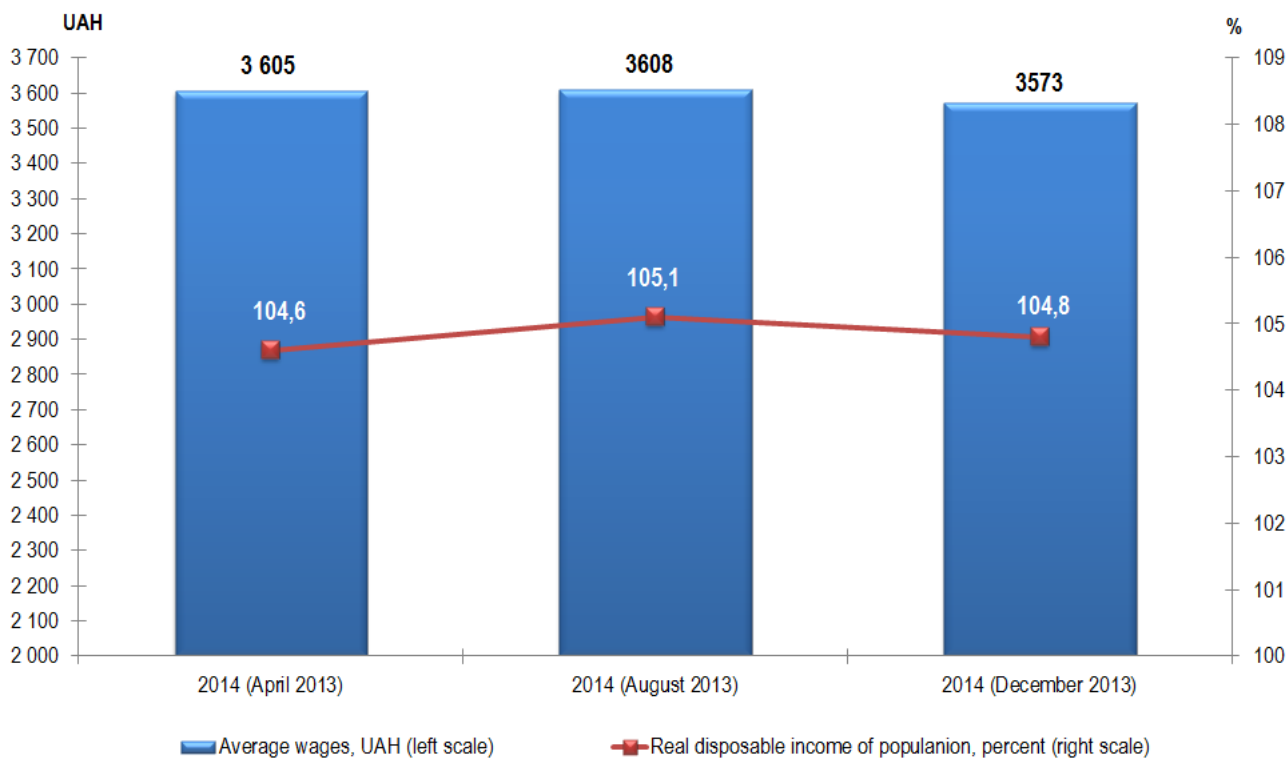


**Figure 9-10. Consensus forecast of average wage and people's real disposable income in 2013-2014**

**2013 year**

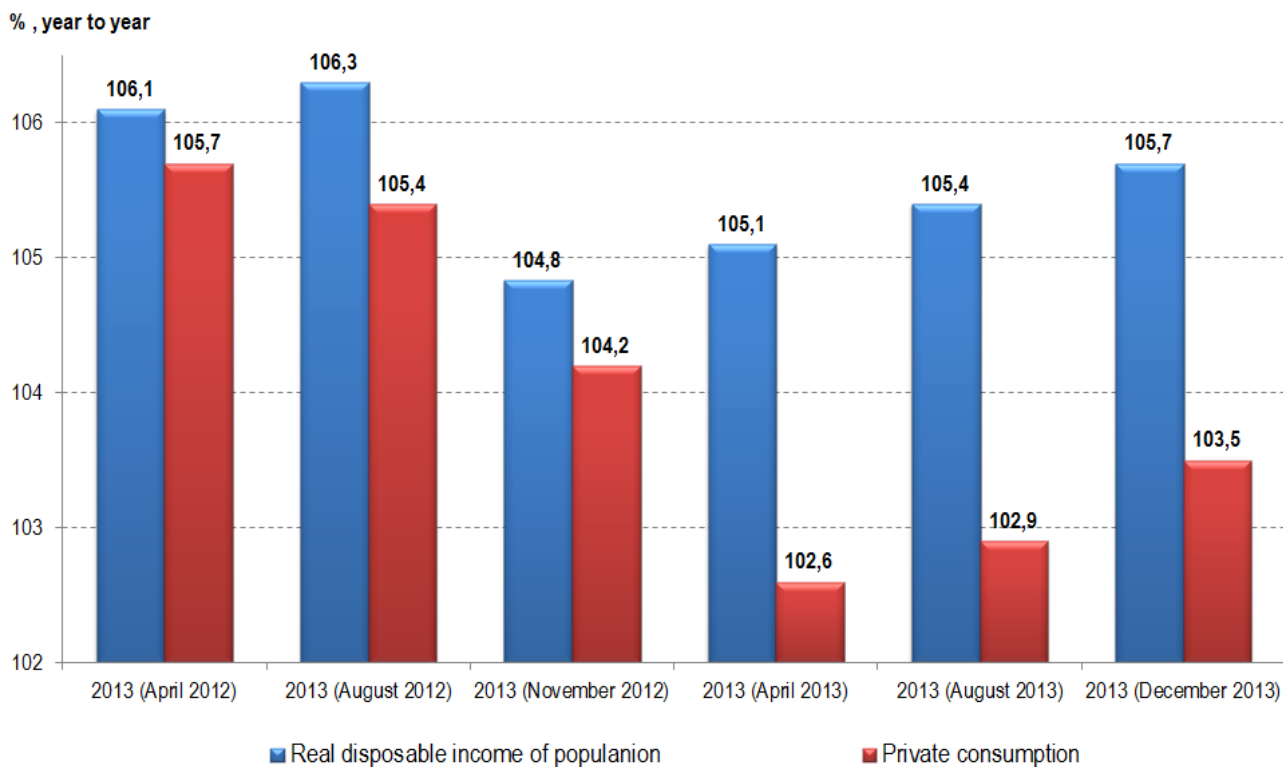


**2014 year**

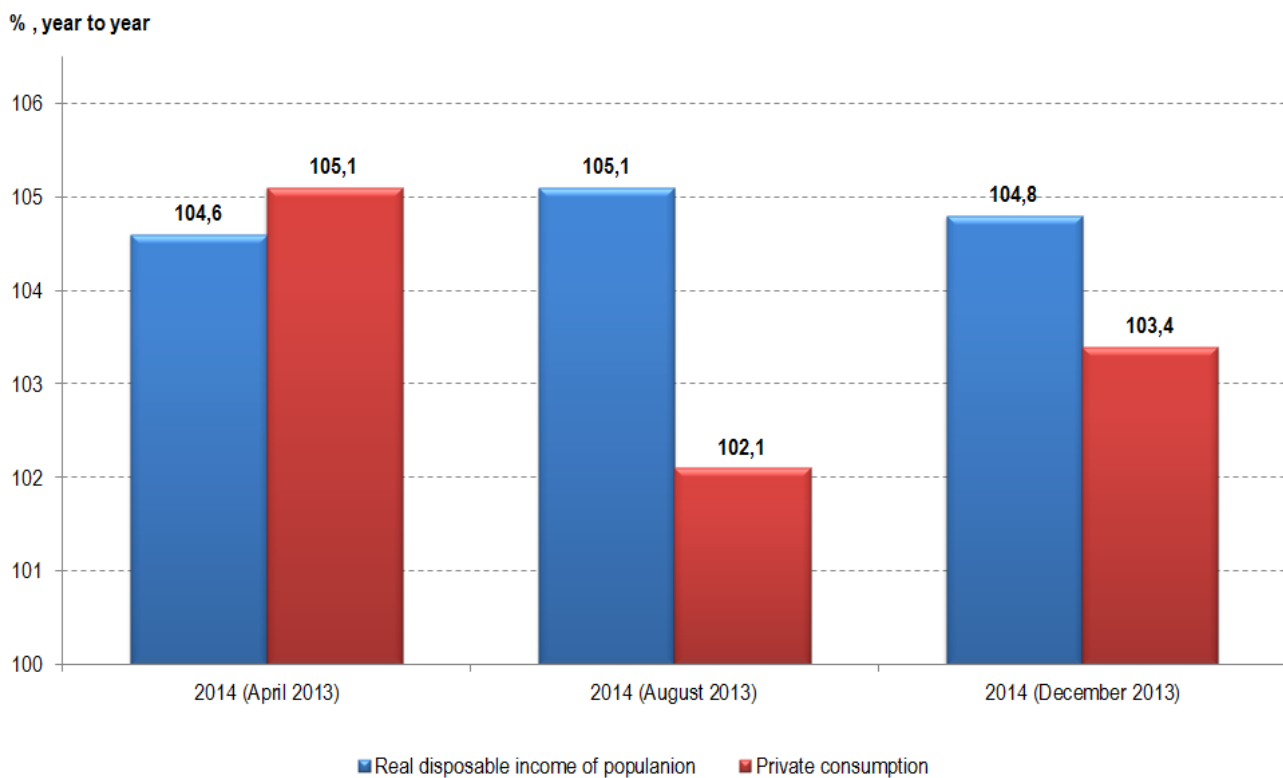


**Figure 11-12. Consensus forecast of growth in people's real disposable income and private consumption in 2013-2014**

**2013 year**

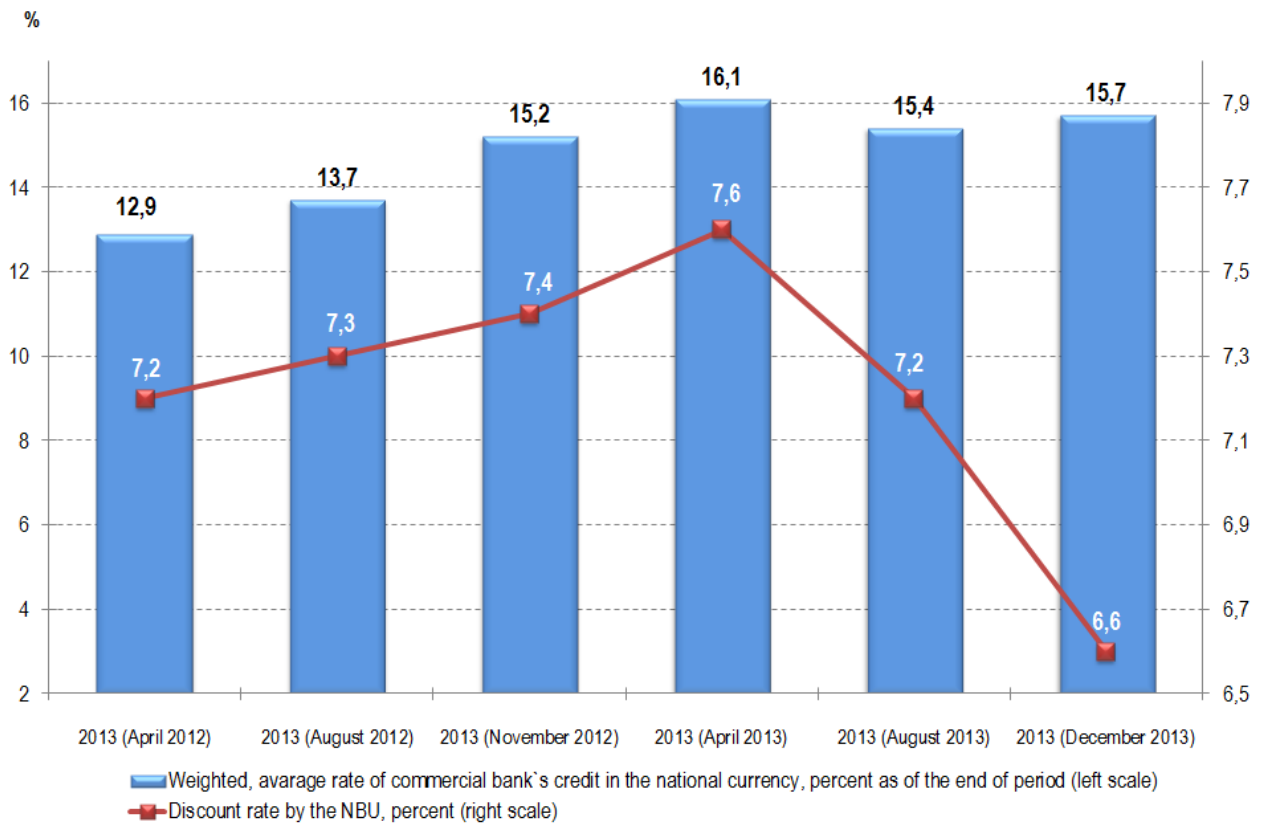


**2014 year**

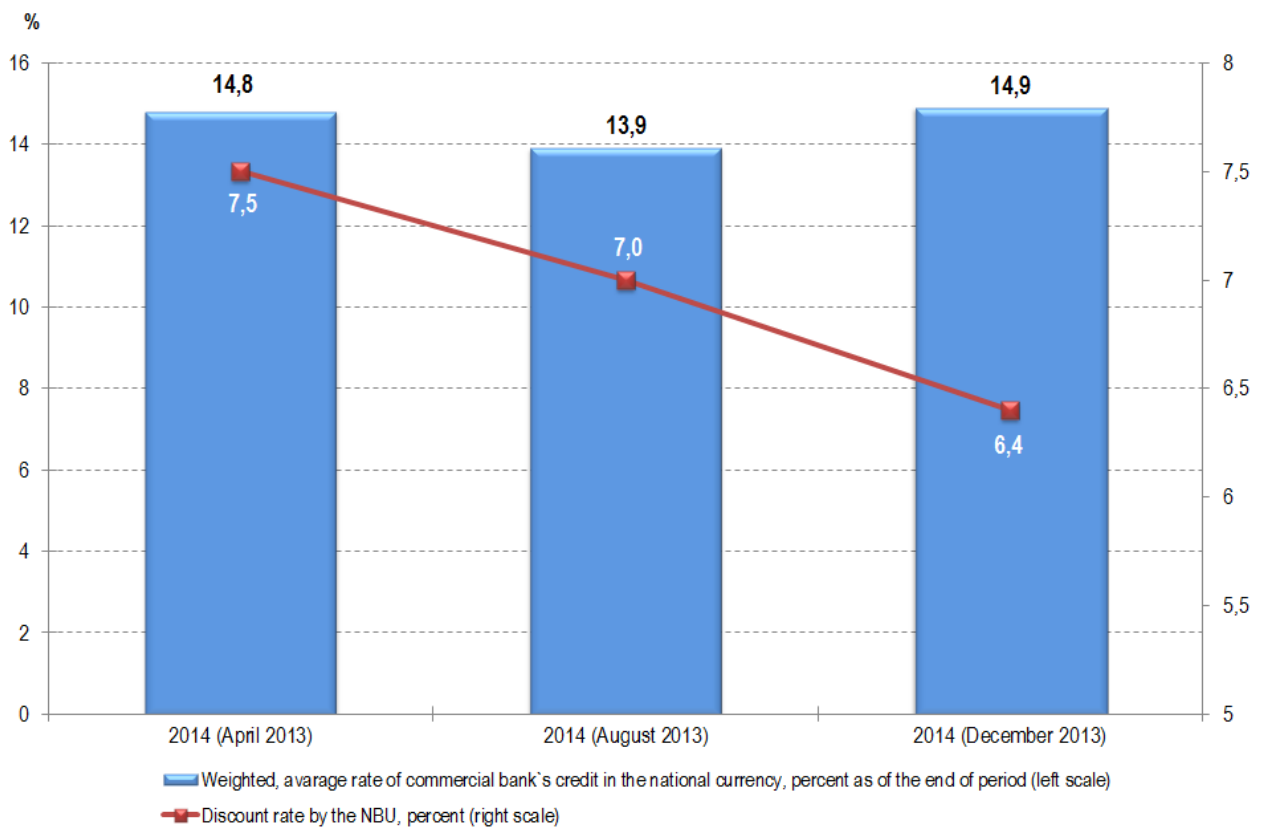


**Figure 13-14. Consensus forecast of banking indicators for 2013-2014**

**2013 year**

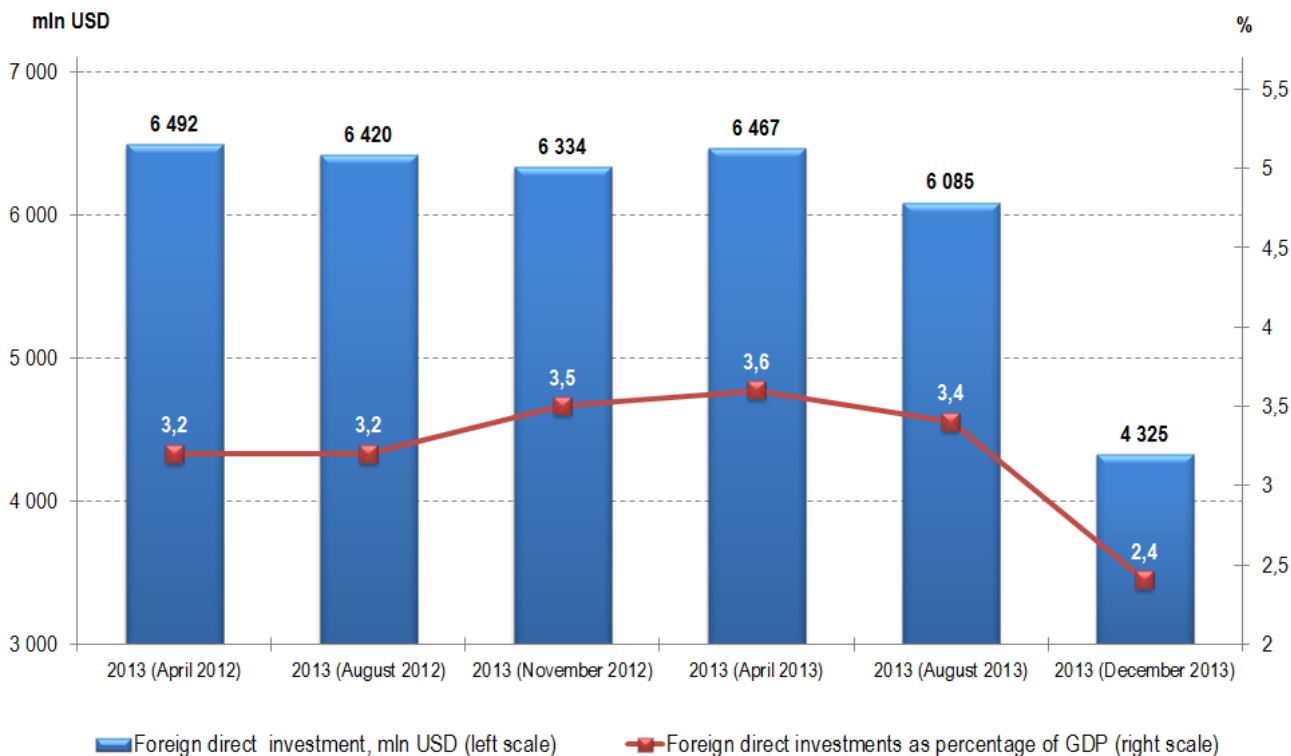


**2014 year**

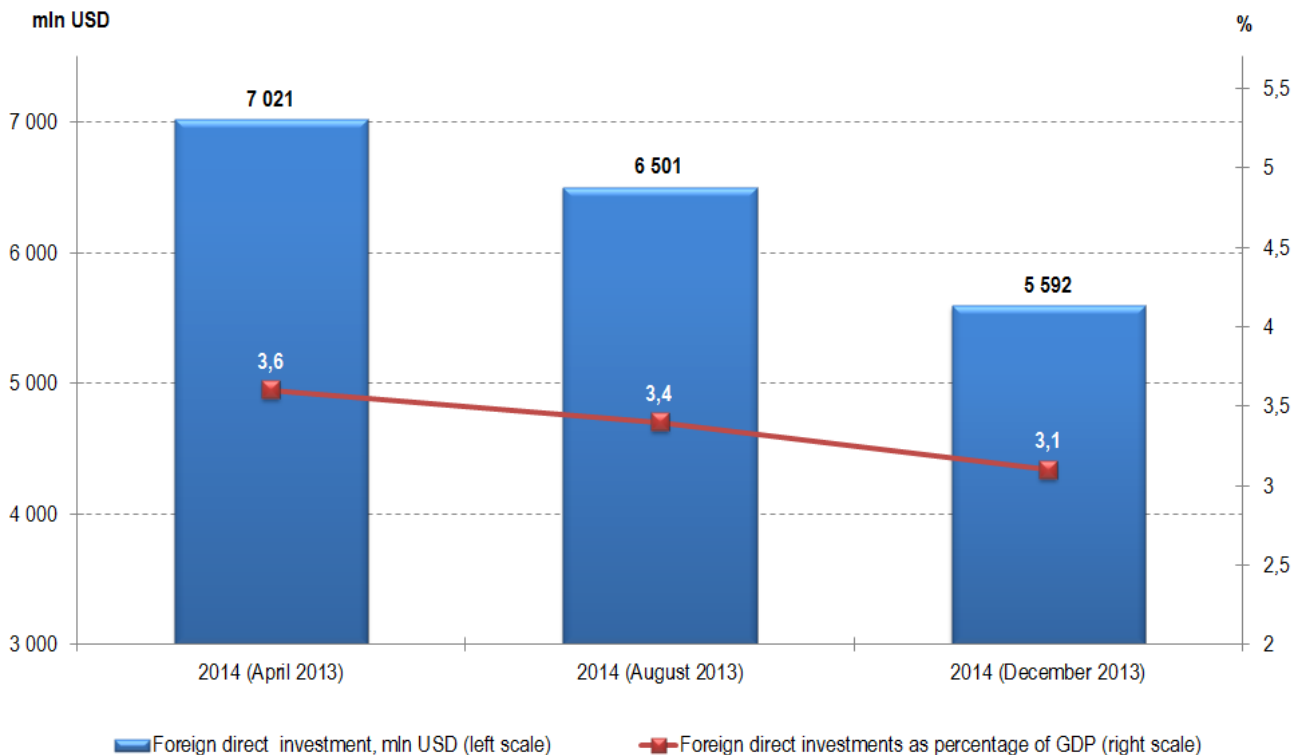


**Figure 15-16. Consensus forecast of net influx of foreign direct investments in 2013-2014**

**2013 year**



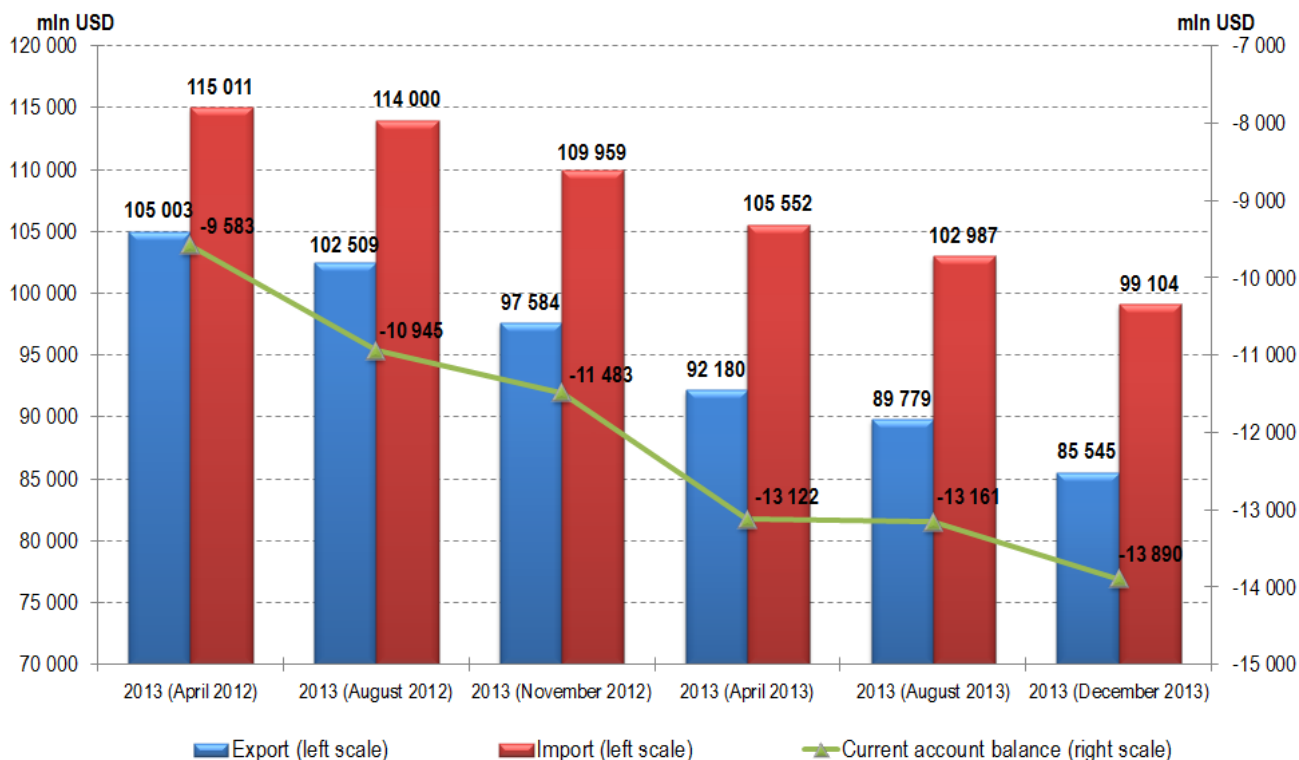
**2014 year**



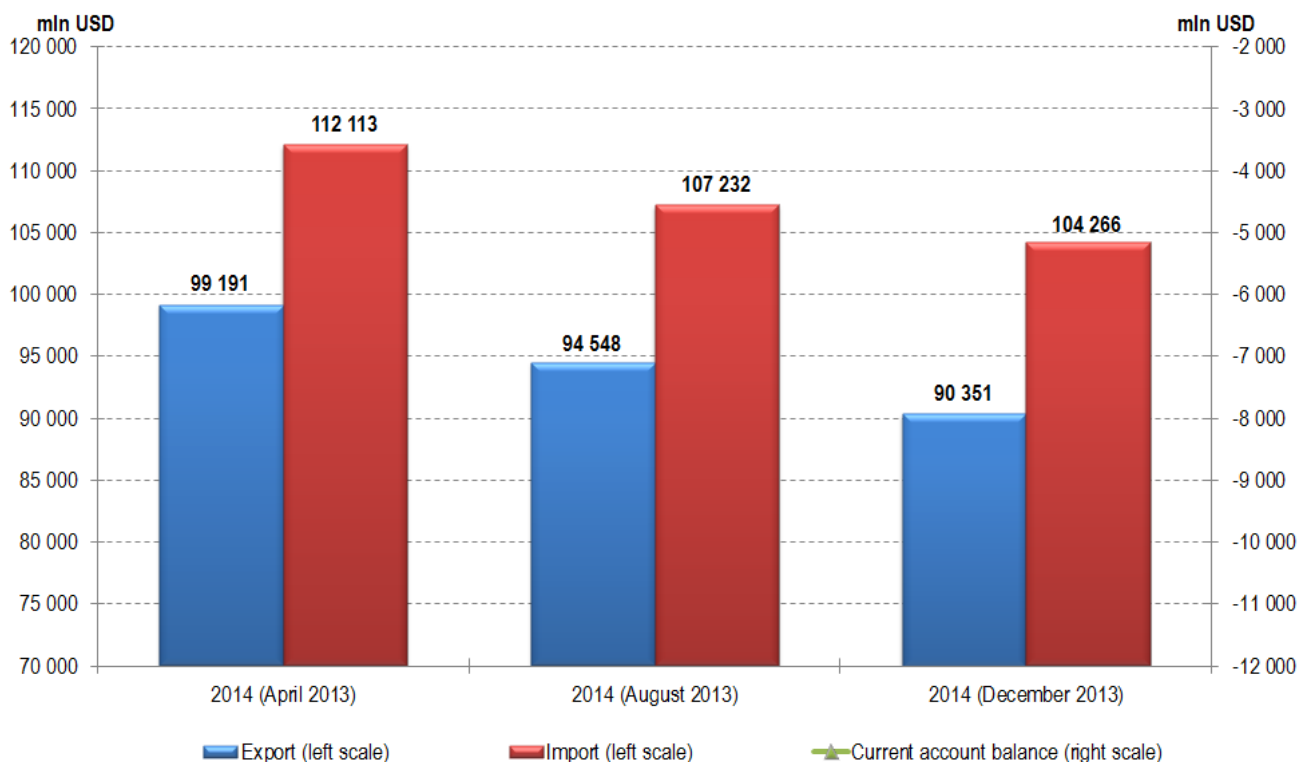


**Figure 17-18. Consensus forecast of volume of exports and imports of goods and services and average value of the negative current account balance in 2013-2014**

**2013 year**

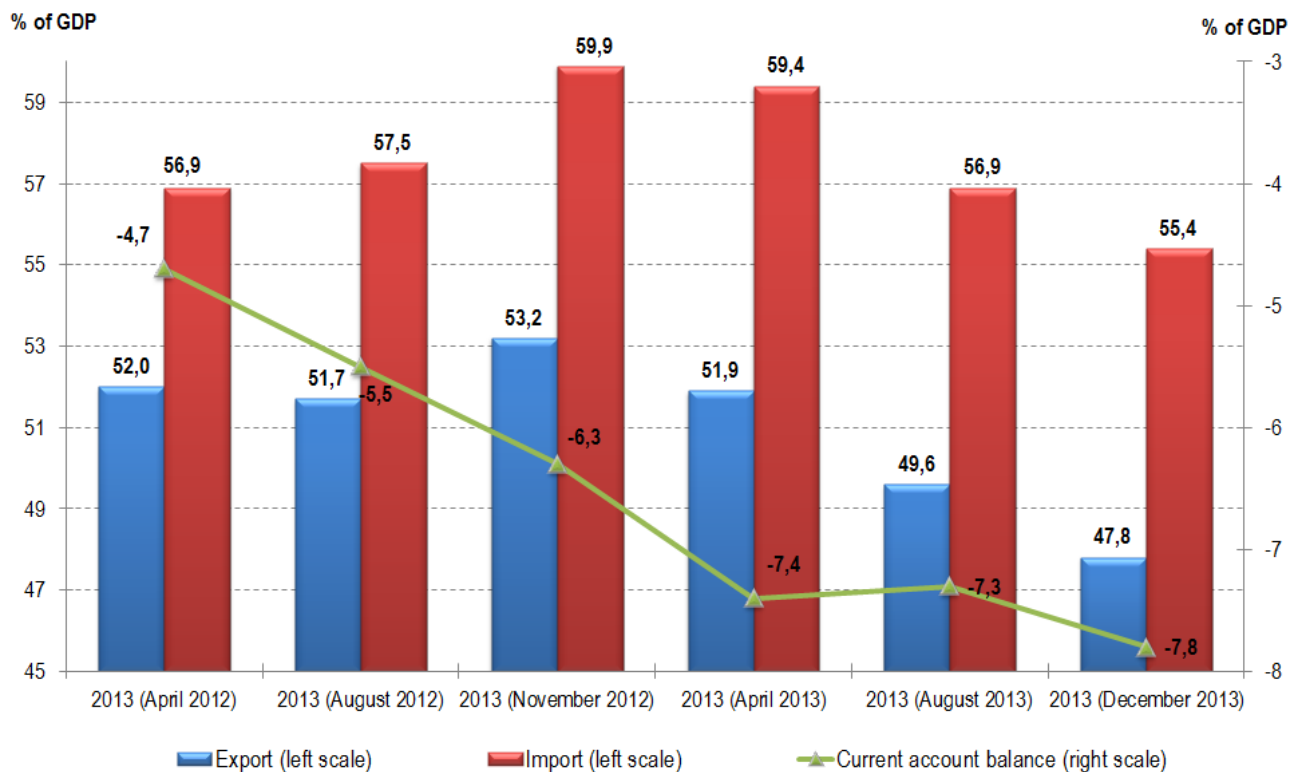


**2014 year**

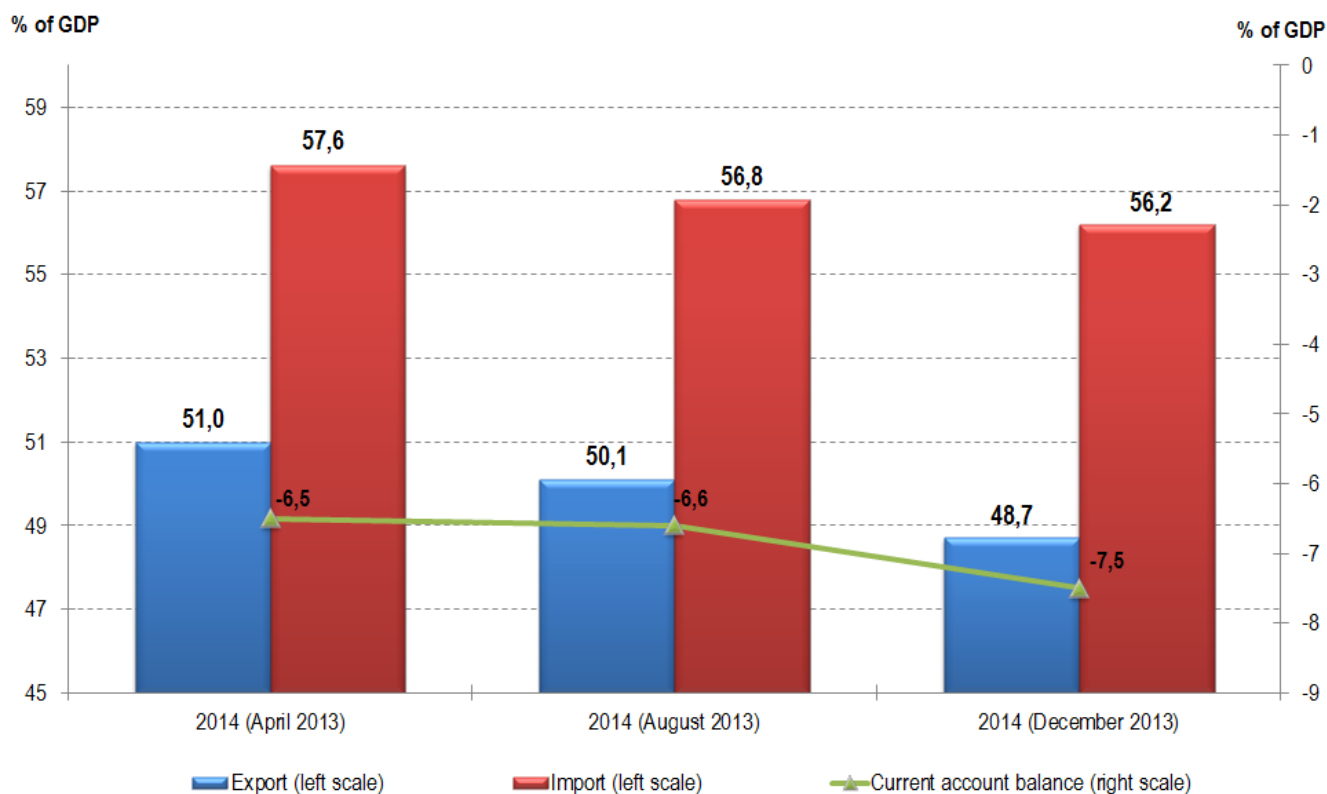


**Figure 19-20. Consensus forecast of percentage of exports and imports of goods and services in the GDP structure and of the average value of negative current account balance in GDP in 2013-2014**

**2013 year**

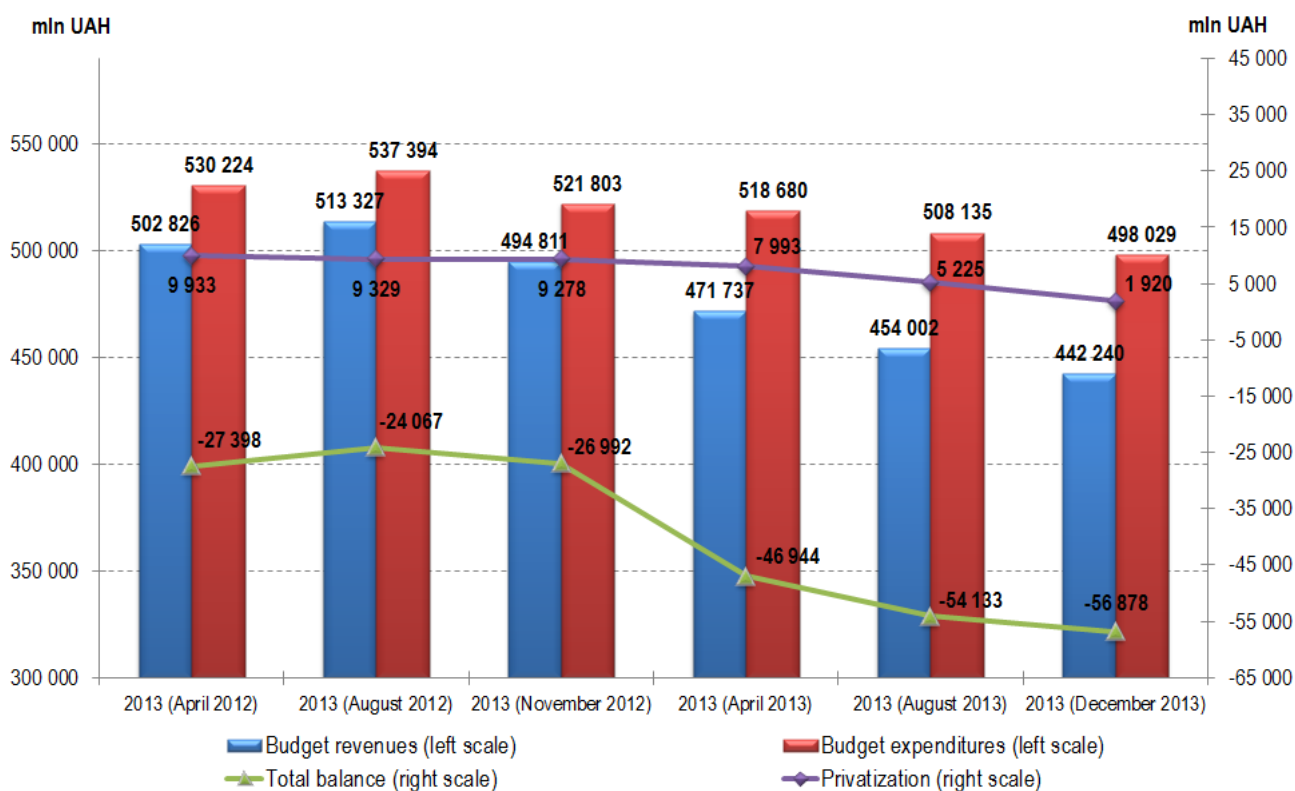


**2014 year**

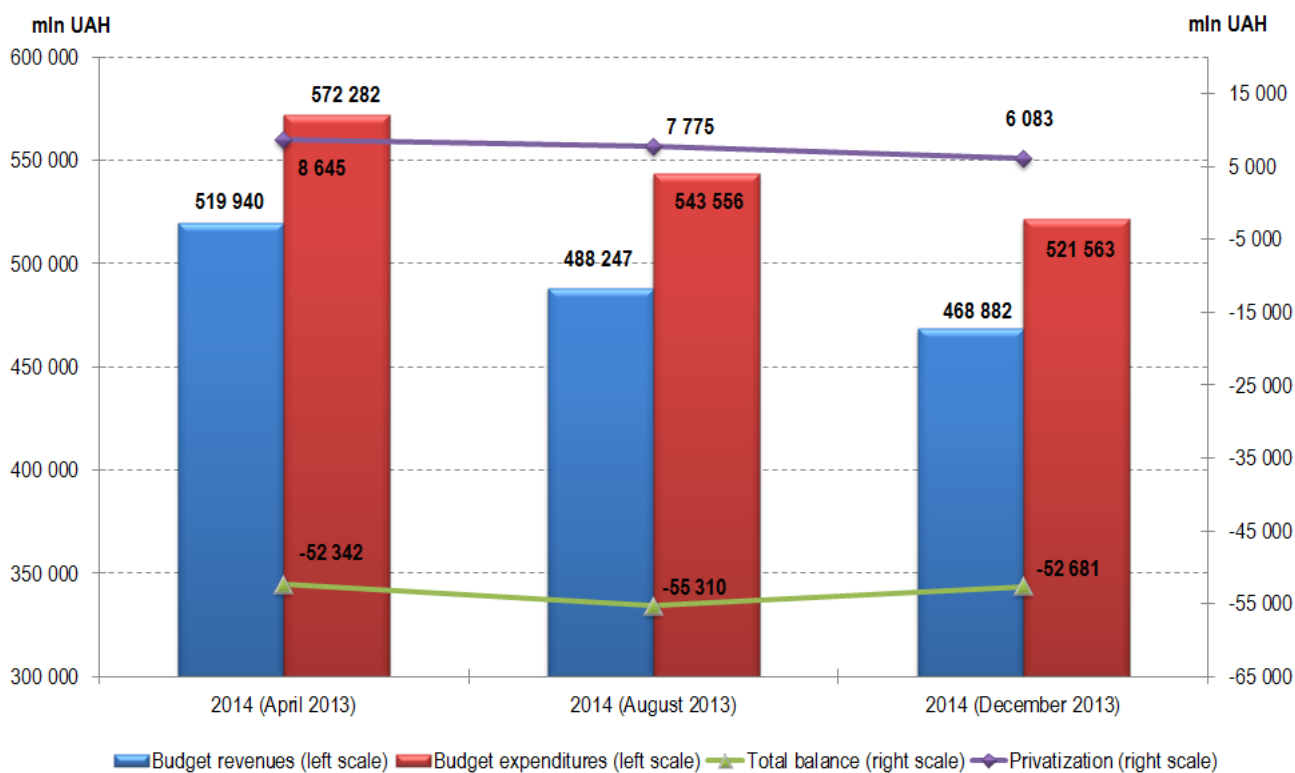


**Figure 21-22. Consensus forecast of budgetary indicators in 2013-2014**

**2013 year**

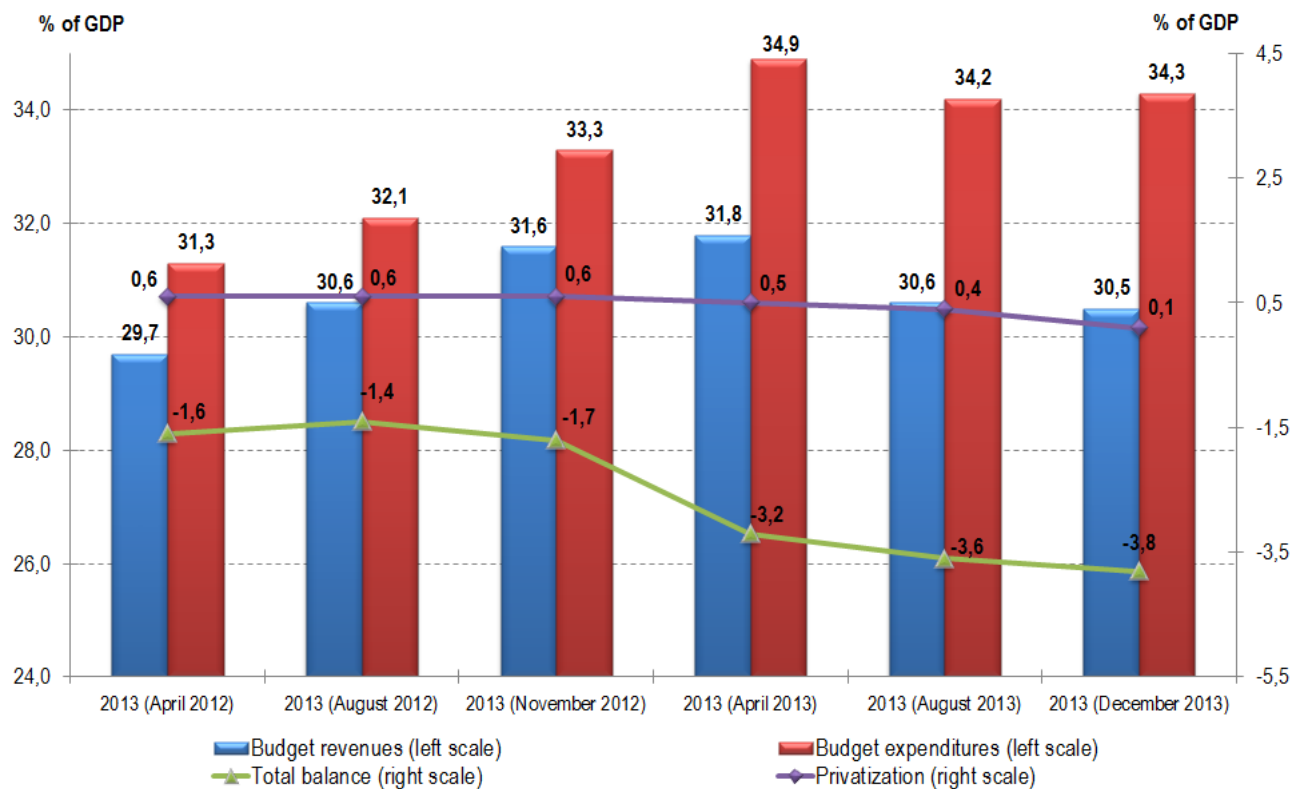


**2014 year**

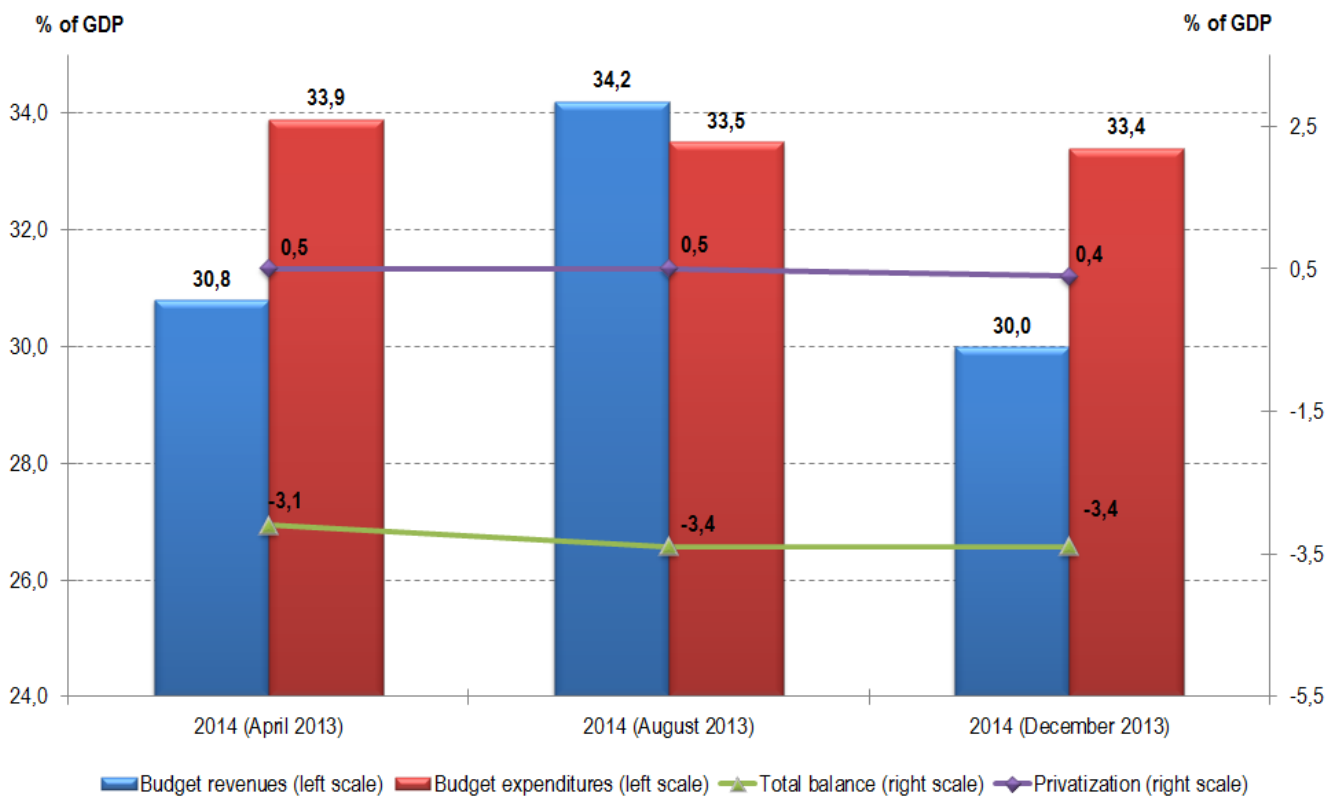


**Figure 23-24. Consensus forecast of budgetary indicators as percentage of GDP in 2013-2014**

**2013 year**

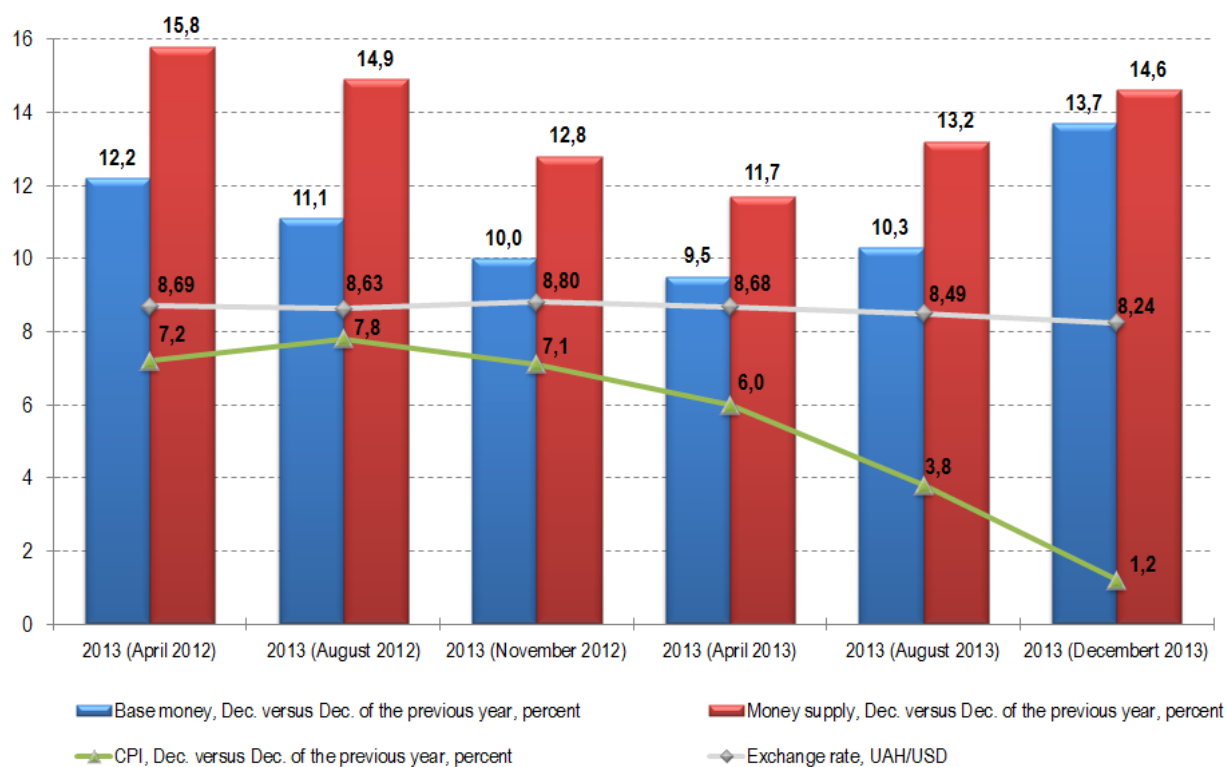


**2014 year**

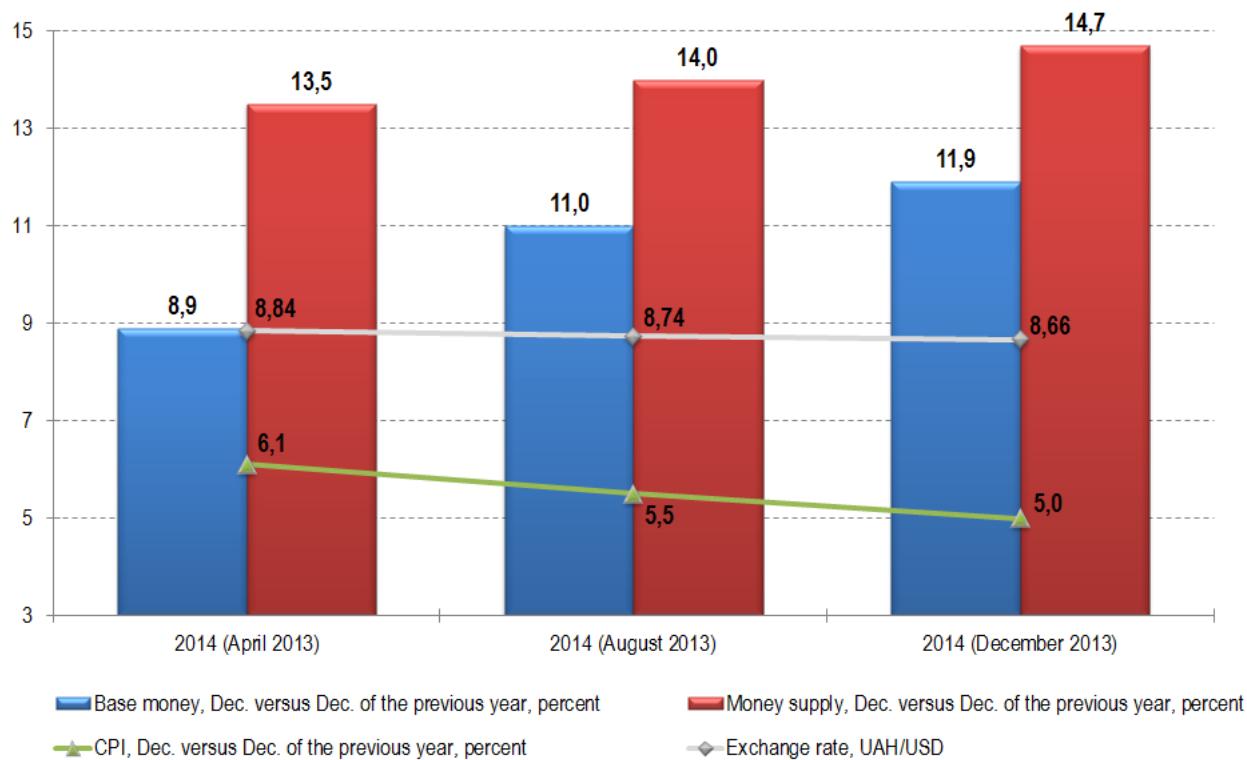


**Figure 25-26. Consensus forecast of the monetary market indicators in 2013-2014**

**2013 year**



**2014 year**



## **FORECAST OF MACROECONOMIC INDICATORS FOR 2015-2016 (AVERAGED)**

A forecast of basic macroeconomic indicators for the period from 2015 through 2016 has been presented for the third time (Table 13).

In the medium term forecasting of macroeconomic indicators the experts have no common vision for the country development. Thus, significant differences in the forecast there are both in indicators and their components.

Consensus estimates for economic growth in Ukraine on average in the years 2015-2016 is 3.6%. The difference between the minimum and maximum value is 2 percentage points (range from 2,5% to 4.5%).

Basically, it is assumed that the main lever of economic growth will be expanding private consumption: the average value of real growth in private consumption 5.3%. But this component variation is more significant – 11.4 percentage points (from 2.2% to 13.6%).

According to experts rather modestly increase general government spending (consensus estimate of real growth in public consumption is 1%). But regarding this component specialists also have quite different estimates - a variation ranging from minus 4.5% to 8.9%).

Much of the uncertainty in the predictions is observed with the investment component - average rate of real investment demand is 7.6% but the variation reaches 21.1 percentage points (from 4% to 25.1%). This indicates a different vision for the country in terms of modernization, improving scientific and technological potential and strengthen competitiveness.

For the price situation, the expert opinion here differs significantly. In general, experts predict maintenance of relatively low inflation in the medium term: the average forecast consumer price index and producer price index (annual average) are 105.2% and 106.6%. But the difference between the minimum and maximum predicted values is also significant – 9.6 percentage points (variation of the consumer price index from 100.4% to 110%) and 12.3 percentage points (variation of the index of producer prices from 100.7% to 113%), respectively.

No consensus can be seen in medium-term forecast estimates of foreign trade development. In particular, current account balance estimates vary between minus 2.4% to minus 7.5% of GDP. The averaged value of goods and services export growth is 7.2% (growth variation 5% – 10.2% ), that for import being also 4.9% (1.2% – 7.2% variation).

However, the parameters of the exchange rate policy relatively similar. Forecasts for average annual exchange rate of hryvnia to US dollar for 2015-2016 vary within 8.5-10.3 UAH/USD (averaged value being UAH/USD 8.91).

A less common position of experts also in the public sector: expected that budget spending will be greater than revenue in the medium term (averaged value of budget deficit is expected to be 2.5% of GDP for 2015-2016, maximal value being 3.6% of GDP).

## Risks for 2013-2014

We offer you a consensus assessment of risks for 2013-2014.

The experts assessed the risks by 2 criteria: probability of realisation of a specific risk and impact of the risk on the economy of Ukraine.

The realisation of risks and their impact on the Ukrainian economy have been assessed according to the following scale:

Estimates of probability of occurrence realization	Estimates of occurrence impact on economy of Ukraine
considerable probability (50-60%%) of risk display – 4; medium probability (30-49%%) of risk display – 3; moderate probability (10-29%%) of risk display – 2; small probability (under 10%) of risk display – 1; the risk is not probable – 0.	significant impact – 4; moderate impact – 3; small impact – 2; insignificant impact – 1; no impact – 0.

Based on the materials provided, an integral estimate of risks was calculated as a sum of occurrence probability estimates and occurrence impact on the economy of Ukraine weighed by the number of respondents.

Risks for 2013 were estimated for the sixth time whereas risks for 2014 were estimated for the third time. The highest possible consensus estimate of foreign and domestic risks has the integral estimate 16.

Considering the Ukrainian economy's significant dependence on external factors, the latter's impact on the domestic market situation, experts have dramatically increased their estimates of the probability of exactly external risks.

Among leading **foreign risks in 2013 are:**

*deficit of external funding and shrinkage of possibilities of access to the international capital markets (integral estimate 14);*

*failure to obtain planned financing from the IMF (integral estimate 13);*

*increase in the cost of external borrowing on a background of continuing impairment of assets of Ukrainian corporations (integral estimate 12);*

*curtailing of investment plans by foreign companies or postponement of their realization terms for future period (integral estimate 11);*

*deterioration of external economic conjuncture: recurrent landslide of prices at the world raw materials markets and further introduction of other countries allowed by the WTO trade restrictions that adversely affect the Ukrainian export (integral estimate 9).*

The highest integral estimate (12) among **domestic risks of 2013 year** has been given to: *remaining low credit activity of commercial banks and delay in increase of tariffs for natural gas and public utilities.*

Rather high position has been occupied by risks associated with *significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC (integral estimate 11) and carrying out considerable emission to finance the budget deficit (integral estimate 10).*

Also high position has been occupied by risks: *strengthening of devaluation tendencies at the monetary market, expansion of the real economy's insolvency, large-scale capital outflow caused by lack of stability at foreign financial and raw material markets and failure to conduct privatization of large entities (integral estimate 9).*

Among **foreign risks for 2014**, as for 2013, high integral estimate belongs to the risks of:

*deficit of external funding and shrinkage of possibilities of access to the international capital markets (estimate 12 for 2014);*

*failure to obtain planned financing from the IMF and increase in the cost of external borrowing on a background of continuing impairment of assets of Ukrainian corporations (estimate 11 for 2014).*

At the same time, expert's estimate of the risk of *curtailing of investment plans by foreign companies or postponement of their realization terms for future period and deterioration of*

*external economic conjuncture: recurrent landslide of prices at the world raw materials markets decreased as of 2013 from 11 to 9 and 9 to 8 accordingly.*

*The risk of further introduction by other countries trade restrictions allowed by WTO that adversely affect the Ukrainian export remained unchanged.*

*The risk of significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC has the greatest integral estimate among **domestic risks for 2014** (integral estimate 12).*

*Besides, the forecasters have high estimates (integral estimate 11) of such risks as remaining low credit activity of commercial banks, carrying out considerable emission to finance the budget deficit and strengthening of devaluation tendencies at the monetary market (estimate 11).*

*High integral estimate belongs to the risk of delay in increase of tariffs for natural gas and public utilities and accumulation of VAT refund debt (integral estimate 9).*

*Thus, among estimated domestic risks for 2014, risks in banking and budgetary sectors remain the most likely and influential.*

Table 5

**Integral estimates of Foreign risks for 2013-2014 (as of December 2013)**

<u>Foreign risks</u>	2013			2014		
	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on economy of Ukraine	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on economy of Ukraine
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	14	4	4	12	3	4
Increase in the cost of external borrowing on a background of continuing impairment of assets of Ukrainian corporations	12	3	3	11	3	3
Curtailing of investment plans by foreign companies or postponement of their realization terms for future period	11	3	3	9	3	3
Failure to obtain planned financing from the IMF	13	4	3	11	3	3
Further introduction of other countries allowed by the WTO trade restrictions that adversely affect the Ukrainian export	9	3	3	9	3	3
Deterioration of external economic conjuncture: recurrent landslide of prices at the world raw materials markets	9	3	4	8	2	4
Further decrease of prices at the world energy markets	8	3	3	8	3	3
Increase of prices at the world energy markets	4	1	3	6	2	3
Slow recovery of the global economy	8	3	3	7	3	3
Slow growth of the USA economy	6	3	2	6	3	2
Increasing the debt crisis in euro area	5	2	2	6	2	3
The probability of the countries leaving euro area	4	2	2	4	2	2
Strengthening of the military conflict in the Middle East	5	2	2	5	2	2
Euro devaluation and decrease of demand in the European Union	4	2	2	4	2	2



Table 6

**Integral estimates of Domestic risks for 2013-2014 (as of December 2013)**

<u>Domestic risks</u>	2013			2014		
	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on Ukraine's economy	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on Ukraine's economy
Remaining low credit activity of commercial banks	12	4	3	11	3	3
Large-scale capital outflow caused by lack of stability at foreign financial and raw material markets	9	3	3	8	2	3
Risks of «a new wave» of destabilization in the banking sector	6	2	3	8	3	3
Strengthening of devaluation tendencies at the monetary market	9	3	3	11	3	3
Increase of revaluation tendencies at the monetary market	3	1	2	3	1	2
Expansion of the real economy's insolvency	9	3	3	8	3	3
Significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	11	3	3	12	3	3
Carrying out considerable emission to finance the budget deficit	10	3	3	11	3	3
Failure to conduct privatization of large entities	9	4	2	7	3	2
Accumulation of VAT refund debt	8	3	3	9	3	3
Accumulation of the population's negative inflation expectations	5	2	2	7	3	3
Decline of the population's inflation expectations	4	2	2	4	2	2
Substantial increase of natural gas prices for municipal heat and power engineering enterprises	3	1	2	5	2	3
Delay in increase of tariffs for natural gas and public utilities	12	4	3	9	3	3
Substantial increase of natural gas tariffs for industry	2	1	1	5	2	3
Substantial increase of natural gas tariffs for the population	2	1	2	5	2	3
Increase of debt on payment for housing and public utilities	5	2	2	5	2	2
Growth of wage arrears	8	3	3	7	3	3

Table 7

Risks in April 2012 – December 2013	Integral estimates of risks					
	2013					
	April 2012	August 2012	November 2012	April 2013	August 2013	December 2013
<b>Foreign risks</b>						
Deficit of foreign funding and shrinkage of possibilities of access to the international capital markets	9	11	10	10	12	14
Increase in the cost of external borrowing on a background of continuing impairment of assets of Ukrainian corporations	x	x	x	x	x	12
Curtailing of investment plans by foreign companies or postponement of their realization terms for future period	7	8	8	10	11	11
Failure to obtain planned financing from the IMF	x	8	8	10	12	13
Further introduction of other countries allowed by the WTO trade restrictions that adversely affect the Ukrainian export	x	x	x	x	x	9
Deterioration of external economic conjuncture: recurrent landslide of prices at the world raw materials markets	9	10	10	9	11	9
Further decrease of prices at the world energy markets	x	x	x	x	x	8
Increase of prices at the world energy markets	8	9	8	7	8	4
Slow recovery of the global economy	x	x	x	x	x	8
Slow growth of the USA economy	6	8	8	7	7	6
Increasing the debt crisis in euro area	9	8	10	8	9	5
Strengthening of the military conflict in the Middle East	9	8	8	6	6	5
The probability of the countries leaving euro area	x	6	4	4	4	4
Euro devaluation and decrease of demand in the European Union	7	8	7	6	6	4
<b>Domestic risks</b>						
Remaining low credit activity of commercial banks	11	10	11	12	12	12
Large-scale capital outflow caused by lack of stability at foreign financial and raw material markets	9	8	9	9	9	9
Risks of «a new wave» of destabilization in the banking sector	7	10	9	7	9	6
Strengthening of devaluation tendencies at the monetary market	12	11	13	10	12	9
Increase of revaluation tendencies at the monetary market	1	2	2	3	3	3
Expansion of the real economy's insolvency	6	8	8	9	10	9
Significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	8	9	13	10	14	11
Carrying out considerable emission to finance the budget deficit	7	7	7	7	10	10
Failure to conduct privatization of large entities	5	4	6	5	7	9
Accumulation of VAT refund debt	6	6	9	7	8	8
Accumulation of the population's negative inflation expectations	7	8	9	5	6	5
Decline of the population's inflation expectations	x	x	x	x	x	4
Substantial increase of natural gas prices for municipal heat and power engineering enterprises	10	9	10	9	7	3
Delay in increase of tariffs for natural gas and public utilities	4	5	6	7	9	12
Substantial increase of natural gas tariffs for industry	8	9	9	5	6	2
Substantial increase of natural gas tariffs for the population	11	10	11	9	6	2
Increase of debt on payment for housing and public utilities	5	7	7	6	6	5
Growth of wage arrears	5	6	5	6	6	8

Table 8

Risks in April 2013 – December 2013	Integral estimates of risks		
	2014		
	April 2013	August 2013	December 2013
<b>Foreign risks</b>			
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	8	11	12
Increase in the cost of external borrowing on a background of continuing impairment of assets of Ukrainian corporations	x	x	11
Curtailing of investment plans by foreign companies or postponement of their realization terms for future period	9	10	9
Failure to obtain planned financing from the IMF	10	10	11
Further introduction of other countries allowed by the WTO trade restrictions that adversely affect the Ukrainian export	x	x	9
Deterioration of external economic conjuncture: recurrent landslide of prices at the world raw materials markets	8	9	8
Further decrease of prices at the world energy markets	x	x	8
Increase of prices at the world energy markets	8	8	6
Slow recovery of the global economy	x	x	7
Slow growth of the USA economy	6	6	6
Increasing the debt crisis in euro area	6	8	6
The probability of the countries leaving euro area	4	4	4
Strengthening of the military conflict in the Middle East	6	6	5
Euro devaluation and decrease of demand in the European Union	6	6	4
<b>Domestic risks</b>			
Remaining low credit activity of commercial banks	11	11	11
Large-scale capital outflow caused by lack of stability at foreign financial and raw material markets	7	8	8
Risks of «a new wave» of destabilization in the banking sector	7	8	8
Strengthening of devaluation tendencies at the monetary market	10	12	11
Increase of revaluation tendencies at the monetary market	4	3	3
Expansion of the real economy's insolvency	8	9	8
Significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	9	13	12
Carrying out considerable emission to finance the budget deficit	9	11	11
Failure to conduct privatization of large entities	5	7	7
Accumulation of VAT refund debt	7	7	9
Accumulation of the population's negative inflation expectations	7	7	7
Decline of the population's inflation expectations	x	x	4
Substantial increase of natural gas prices for municipal heat and power engineering enterprises	7	8	5
Delay in increase of tariffs for natural gas and public utilities	8	9	9
Substantial increase of natural gas tariffs for industry	6	8	5
Substantial increase of natural gas tariffs for the population	6	6	5
Increase of debt on payment for housing and public utilities	6	7	5
Growth of wage arrears	5	7	7

Table 9

**Consensus forecasts for 2013-2014  
(as of December 2013)**

Indicator	2013	2014	2013		2014	
	Average		MIN	MAX	MIN	MAX
<b>Real sector</b>	UAH million					
Nominal GDP	1 451 605	1 560 924	1 431 516	1 495 000	1 505 445	1 625 000
Consumption	1 322 684	1 417 377	1 231 029	1 375 621	1 310 749	1 478 312
Private	1 026 976	1 093 075	960 203	1 072 985	1 022 384	1 137 000
Government	294 426	317 419	270 826	368 266	288 365	379 542
Gross investments	232 353	253 231	136 129	316 286	159 695	356 770
Gross accumulation of the fixed capital	240 413	273 542	195 250	294 146	217 875	338 931
Private	165 336	254 271	160 094	251 495	213 260	296 981
Government	29 791	44 042	13 820	42 651	39 201	54 229
Net export of goods and non-factorial services	-114 267	-122 339	-78 812	-139 172	-157 595	-83 400
Gross national savings	153 507	189 639	86 563	301 630	118 986	346 195
	Index, year to year					
Real GDP	99,6	101,5	98,5	101,0	98,3	103,2
Consumption	102,8	102,8	100,0	107,4	100,0	110,1
Private	103,5	103,4	101,5	106,7	97,6	112,8
Government	100,6	100,7	98,0	109,9	91,5	105,8
Gross accumulation of the fixed capital	90,6	103,4	78,4	100,0	97,7	116,5
Exports of goods and services	93,0	102,4	89,2	98,5	99,0	107,0
Import of goods and services	93,8	103,4	87,6	100,3	98,5	106,7
<b>Inflation</b>	index					
Deflator of the GDP (annual average)	103,2	105,9	100,6	106,0	103,0	108,7
Consumer price index (annual average)	100,2	103,9	99,6	101,2	100,2	107,0
Dec. versus Dec. of the previous year	101,2	105,0	99,7	102,7	102,6	107,0
Producer price index (annual average)	100,9	105,9	99,0	105,5	100,4	112,1
Dec. versus Dec. of the previous year	103,7	107,2	100,7	105,5	104,1	113,4
<b>External sector</b>	USD million					
Current account	-13 890	-13 876	-9 711	-16 141	-9 300	-16 760
Exports of goods and services	85 545	90 351	80 900	91 384	83 972	97 200
Import of goods and services	-99 104	-104 266	-92 300	-106 317	-99 900	-110 963
Revenue balance	-3 028	-3 094	-2 600	-3 500	-2 200	-4 000
Official transfers (net value)	2 696	3 132	2 171	3 200	2 400	3 800
Capital account balance	12 348	13 456	7 510	15 315	6 011	19 765
Foreign direct investments	4 325	5 592	1 500	8 500	2 000	9 000
<b>External sector</b>	as percentage of the GDP					
Current account	-7,8	-7,5	-5,6	-8,9	-5,1	-9,6
Exports of goods and services	47,8	48,7	44,8	51,1	45,8	51,8
Import of goods and services	-55,4	-56,2	-51,2	-59,2	-52,3	-60,6

Indicator	2013	2014	2013		2014	
	Average		MIN	MAX	MIN	MAX
Revenue balance	-1,7	-1,7	-1,4	-1,9	-1,3	-2,2
Official transfers (net value)	1,5	1,7	1,2	1,8	1,3	2,1
Capital account balance	6,9	7,3	4,2	8,5	3,3	11,4
Foreign direct investments	2,4	3,0	0,8	4,9	1,0	5,0
<b>External sector</b>	as percent, year to year (nominal)					
Exports of goods and services	95,4	105,5	91,0	101,8	98,9	114,5
Import of goods and services	96,2	105,2	91,0	106,5	101,5	113,4
<b>Exchange rate, UAH / USD</b>						
Average rate	8,12	8,42	7,99	8,30	8,20	8,80
End of period	8,24	8,66	7,99	8,60	8,20	9,50
<b>Consolidated budget</b>	UAH million					
All revenues	442 240	468 882	420 000	460 000	420 100	495 000
All expenditures	498 029	521 563	479 000	524 496	470 000	545 000
Total balance	-56 878	-52 681	-42 410	-80 471	-30 680	-80 735
Privatisation	1 950	6 083	1 000	5 000	4 000	10 000
<b>Consolidated budget</b>	% of GDP					
All revenues	30,5	30,0	29,1	32,1	26,4	32,2
All expenditures	34,3	33,4	33,2	35,9	29,5	35,8
Total balance	-3,8	-3,4	-2,9	-5,5	-2,0	-5,0
Privatisation	0,1	0,4	0,1	0,3	0,3	0,6
<b>Money and credit</b>						
Base money (as of the end of period), UAH mln	290 324	324 952	280 000	309 300	306 409	379 300
Dec. versus Dec. of the previous year, %	13,7	11,9	9,0	21,2	6,0	22,6
Money supply (M3) (as of the end of period), UAH mln	886 172	1 016 466	854 300	928 700	939 730	1 139 800
Dec. versus Dec. of the previous year, %	14,6	14,7	11,0	20,0	10,0	22,7
Weighted annual average rate on commercial banks' credits in the national currency, %, as of the end of period	15,7	14,9	14,5	17,0	12,9	17,0
Gross NBU international reserve, USD mln	19 275	19 320	17 712	21 000	15 430	24 300
<b>Social indicators</b>						
Population, million persons	45,3	45,2	44,4	45,6	44,3	45,5
changes in % versus previous year	99,7	99,8	99,5	99,8	99,5	99,9
Monthly average wage of workers, UAH	3 288	3 573	3 227	3 360	3 414	3 700
Disposable income of population, UAH bln	1 251	1 354	1 127	1 630	1 206	1 809
Disposable income of population, changes in % versus previous year	5,7	4,8	3,2	14,0	1,5	11,0

Table 10

**Dynamics Of The Consensus Forecast For 2013  
(April 2012 – December 2013)**

Indicator	April 2012	August 2012	Deviation (April 2012/ August 2012)	November 2012	Deviation (August 2012/ November 2012)	April 2013	Deviation (November 2012 /April 2013)	August 2013	Deviation (April 2013 / August 2013)	December 2013	Deviation ( August 2013 / December 2013)
<b>Real sector, UAH mln</b>											
Nominal GDP	1 695 854	1 675 078	-1,2%	1 567 777	-6,4%	1 484 119	-5,3%	1 485 106	+0,1%	1 451 605	-2,3%
Consumption	1 397 145	1 410 894	+1,0%	1 374 505	-2,6%	1 338 338	-2,6%	1 336 072	-0,2%	1 322 684	-1,0%
Investments	371 763	356 376	-4,1%	309 113	-13,3%	288 576	-6,6%	258 789	-10,3%	232 353	-10,2%
Net export of goods and non-factorial services	-79 377	-94 095	+14 718	-101 273	+7 178	-112 520	+11 247	-109 209	-3 311	-114 267	+5 058
Gross national savings	285 480	285 523	+0,02%	237 144	-16,9%	179 916	-24,1%	187 756	+4,4%	153 507	-18,2%
<i>Indexc, year to year</i>											
Real GDP	104,1	103,6	-0,5 p.p.	102,9	-0,7 p.p.	101,2	-1,7 p.p.	100,1	-1,1 p.p.	99,6	-0,5 p.p.
Consumption	104,7	104,2	-0,5 p.p.	103,5	-0,7 p.p.	102,1	-1,4 p.p.	102,4	+0,3 p.p.	102,8	+0,4 p.p.
Gross accumulation of the fixed capital	105,6	104,7	-0,9 p.p.	101,8	-2,9 p.p.	101,3	-2,4 p.p.	98,1	-3,2 p.p.	90,6	-7,5 p.p.
Exports of goods and services	104,6	104,8	+0,2 p.p.	101,8	-3 p.p.	100,8	-1,0 p.p.	98,4	-2,4 p.p.	93,0	-5,4 p.p.
Import of goods and services	105,7	106,1	+0,4 p.p.	103,3	-2,8 p.p.	102,4	-0,9 p.p.	99,8	-2,6 p.p.	93,8	-6,0 p.p.
<b>Inflation, index</b>											
Consumer price index (annual average)	108,0	107,6	-0,4 p.p.	106,9	-0,7 p.p.	103,7	-3,2 p.p.	101,8	-1,9 p.p.	100,2	-1,6 p.p.
Dec. versus Dec. of the previous year	107,2	107,8	+0,6 p.p.	107,1	-0,7 p.p.	106,0	-1,1 p.p.	103,8	-2,2 p.p.	101,2	-2,6 p.p.
Producer price index (annual average)	110,8	110,1	-0,7 p.p.	109,1	-1,0 p.p.	105,3	-3,8 p.p.	103,8	-1,5 p.p.	100,9	-2,9 p.p.
Dec. versus Dec. of the previous year	109,7	109,3	-0,4 p.p.	108,4	-0,9 p.p.	106,6	-1,8 p.p.	106,7	+0,1 p.p.	103,7	-3,0 p.p.
<b>External sector, USD million</b>											
Current account	-9 583	-10 945	+1 362	-11 483	+538,0	-13 122	+1 639	-13 161	+39	-13 890	+729
Exports of goods and services	105 003	102 509	-2,4%	97 584	-4,8%	92 180	-5,5%	89 779	-2,6%	85 545	-4,7%
Import of goods and services	-115 011	-114 000	-0,9%	-109 959	-3,5%	-105 552	-4,0%	-102 987	-2,4%	-99 104	-3,8%
Foreign direct investments	6 492	6 420	-1,1%	6 334	-1,3%	6 467	+2,1%	6 085	-5,9%	4 325	-28,9%
<b>External sector, % of GDP</b>											
Current account	-4,7	-5,5	+0,8 p.p.	-6,3	+0,8 p.p.	-7,4	+1,1 p.p.	-7,3	-0,1 p.p.	-7,8	+0,5 p.p.
Exports of goods and services	52,0	51,7	-0,3 p.p.	53,2	+1,5 p.p.	51,9	-1,3 p.p.	49,6	-2,3 p.p.	47,8	-1,8 p.p.
Import of goods and services	-56,9	-57,5	+0,6 p.p.	-59,9	+2,4 p.p.	-59,4	-0,5 p.p.	-56,9	+2,5 p.p.	-55,4	-1,5 p.p.
Foreign direct investments	3,2	3,2	0	3,5	+0,3 p.p.	3,6	+0,1 p.p.	3,4	-0,2 p.p.	2,4	-1 p.p.

<b>External sector, % year to year (nominal)</b>											
Exports of goods and services	110,9	109,9	-1 p.p.	107,5	-2,4 p.p.	102,8	-4,7 p.p.	100,8	-2 p.p.	95,4	-5,4 p.p.
Import of goods and services	109,9	109,5	-0,4 p.p.	106,0	-3,5 p.p.	101,4	-4,6 p.p.	99,3	-2,1 p.p.	96,2	-3,1 p.p.
<b>Exchange rate, UAH / USD</b>											
Average rate	8,4	8,45	+0,6%	8,55	+1,2%	8,36	-2,2%	8,21	-1,8%	8,12	-1,1%
End of period	8,7	8,63	-0,8%	8,81	+2,1%	8,68	-1,5%	8,49	-2,2%	8,24	-2,9%
<b>Consolidated budget, UAH mln</b>											
All revenues	502 826	513 327	+2,1%	494 811	-3,6%	471 737	-4,7%	454 002	-3,8%	442 240	-2,6%
All expenditures	530 224	537 394	+1,4%	521 803	-2,9%	518 680	-0,6%	508 135	-2%	498 029	-2,0%
Total balance	-27 398	-24 067	-3 331	-26 992	+2925	-46 944	+19 952	-54 133	+7 189	-56 878	+2 745
Privatisation	9 933	9 329	-6,1%	9 278	-0,5%	7 933	-14,5%	5 225	-34,1%	1 950	-62,7%
<b>Consolidated budget, % of GDP</b>											
All revenues	29,7	30,6	+0,9 p.p.	31,6	+1,0 p.p.	31,8	+0,2 p.p.	30,6	-1,2 p.p.	30,5	-0,1 p.p.
All expenditures	31,3	32,1	+0,8 p.p.	33,3	+1,2 p.p.	34,9	+1,6 p.p.	34,2	-0,7 p.p.	34,3	+0,1 p.p.
Total balance	-1,6	-1,4	-0,2 p.p.	-1,7	+0,3 p.p.	-3,2	+1,5 p.p.	-3,6	+0,4 p.p.	-3,8	+0,2 p.p.
Privatisation	0,6	0,6	0	0,6	0	0,5	-0,1 p.p.	0,4	-0,1 p.p.	0,1	-0,3 p.p.
<b>Money and credit</b>											
Base money (as of the end of period), UAH mln .	299 306	297 655	-0,6%	291 024	-2,2%	279 567	-3,9%	281 512	+0,7%	290 324	+3,1%
Dec. versus Dec. of the previous year, %	12,2	11,1	-1,1 p.p.	10,0	-1,1 p.p.	9,5	-0,5 p.p.	10,3	+0,8 p.p.	13,7	+3,4 p.p.
Money supply (M3) (as of the end of period), UAH mln	866 515	867 594	+0,1%	855 289	-1,4%	863 778	+1,0%	875 334	+1,3%	886 172	+1,2%
Dec. versus Dec. of the previous year, %	15,8	14,9	-0,9 p.p.	12,8	-2,1 p.p.	11,7	-1,1 p.p.	13,2	+1,5 p.p.	14,6	+1,4 p.p.
<b>Monthly average wage of workers, UAH</b>	3 386	3 367	-0,6%	3 384	+0,5%	3 301	-2,5%	3 276	-0,8%	3 288	+0,4%

Table 11

**Dynamics of The Consensus Forecast for 2014  
(April 2013 - of December 2013)**

Indicator	April 2013	August 2013	Deviation ( August 2013 / April 2013)	December 2013	Deviation ( August 2013 / December 2013)
<b>Real sector, UAH mln</b>					
Nominal GDP	1 690 117	1 622 774	-4%	1 560 924	-3,8%
Consumption	1 497 200	1 441 194	-3,7%	1 417 377	-1,7%
Investments	315 950	299 804	-5,1%	253 231	-15,5%
Net export of goods and non-factorial services	-112 581	-112 118	-463	-122 339	+10 221
Gross national savings	201 091	217 656	+8,2%	189 639	-12,9%
<i>Indexc, year to year</i>					
Real GDP	103,3	102,3	-1 p.p.	101,5	-0,8 p.p.
Consumption	105,1	102,5	-2,6 p.p.	102,8	+0,3 p.p.
Gross accumulation of the fixed capital	104,5	105,1	+0,6 p.p.	103,4	-1,7 p.p.
Exports of goods and services	103,3	102,3	-1,0 p.p.	102,4	0,1 p.p.
Import of goods and services	104,2	103,3	-0,9 p.p.	103,4	0,1 p.p.
<b>Inflation, index</b>					
Consumer price index (annual average)	105,9	105,1	-0,8 p.p.	103,9	-1,2 p.p.
Dec. versus Dec. of the previous year	106,1	105,5	-0,6 p.p.	105,0	-0,5 p.p.
Producer price index (annual average)	107,7	107,4	-0,3 p.p.	105,9	-1,5 p.p.
Dec. versus Dec. of the previous year	108,0	107,7	-0,3 p.p.	107,2	-0,5 p.p.
<b>External sector, USD million</b>					
Current account	-12 698	-12 494	-204	-13 876	+1 382
Exports of goods and services	99 191	94 548	-4,7%	90 351	-4,4 %
Import of goods and services	-112 113	-107 232	-4,4%	-104 266	-2,8 %
Foreign direct investments	7 021	6 501	-7,4%	5 592	-14 %
<b>External sector, % of GDP</b>					
Current account	-6,5	-6,6	+0,1 p.p.	-7,5	+0,9 p.p.
Exports of goods and services	51,7	50,1	-1,6 p.p.	48,7	-1,4 p.p.
Import of goods and services	-57,6	-56,8	-0,8 p.p.	-56,2	-0,6 p.p.
Foreign direct investments	3,6	3,4	-0,2 p.p.	3,0	-0,4 p.p.
<b>External sector, % year to year (nominal)</b>					
Exports of goods and services	107,6	104,9	-2,7 p.p.	105,5	+0,6 p.p.
Import of goods and services	106,2	103,8	-2,4 p.p.	105,2	+1,4 p.p.
<b>Exchange rate, UAH / USD</b>					
Average rate	8,69	8,59	-1,2%	8,42	-2%
End of period	8,84	8,74	-1,1%	8,66	-0,9%
<b>Consolidated budget, UAH mln</b>					
All revenues	519 940	488 247	-6,1%	468 882	-4%
All expenditures	572 282	543 556	-5%	521 563	-4%
Total balance	-52 342	-55 310	+2 968	-52 681	-2 629
Privatisation	8 645	7 775	-10,1%	6 083	-21,8%
<b>Consolidated budget, % of GDP</b>					
All revenues	30,8	30,1	-0,7 p.p.	30,0	-0,1 p.p.
All expenditures	33,9	33,5	-0,4 p.p.	33,4	-0,1 p.p.
Total balance	-3,1	-3,4	+0,3 p.p.	-3,4	0
Privatisation	0,5	0,5	0	0,4	-0,1 p.p.
<b>Money and credit</b>					
Base money (as of the end of period), UAH mln .	304 539	312 377	+2,6%	324 952	+4%
Dec. versus Dec. of the previous year, %	8,9	11,0	+2,1 p.p.	11,9	+0,9 p.p.
Money supply (M3) (as of the end of period), UAH mln	980 018	998 019	+1,8%	1 016 466	+1,8%
Dec. versus Dec. of the previous year, %	13,5	14,0	+0,5 p.p.	14,7	+0,7 p.p.
Average wage of workers, UAH	3 605	3 608	+0,1%	3 573	-1%



Table 12

**Deviation of consensus forecasts for 2013 and 2014  
(as of December 2013)**

Indicator	Consensus forecast for 2013 as of December 2013	Consensus forecast for 2014 as of December 2013	Deviation (2014 / 2013)
<b>Real sector, UAH mln</b>			
Nominal GDP	1 451 605	1 560 924	+7,5%
Consumption	1 322 684	1 417 377	+7,2%
Investments	232 353	253 231	+9,0%
Net export of goods and non-factorial services	-114 267	-122 339	+8 072
Gross national savings	153 507	189 639	+23,5%
<i>Indexc, year to year</i>			
Real GDP	99,6	101,5	+1,9 p.p.
Consumption	102,8	102,8	0
Gross accumulation of the fixed capital	90,6	103,4	+12,8 p.p.
Exports of goods and services	93,0	102,4	+9,4 p.p.
Import of goods and services	93,8	103,4	+9,6 p.p.
<b>Inflation, index</b>			
Consumer price index (annual average)	100,2	103,9	+3,7 p.p.
Dec. versus Dec. of the previous year	101,2	105,0	+3,8 p.p.
Producer price index (annual average)	100,9	105,9	+5 p.p.
Dec. versus Dec. of the previous year	103,7	107,2	+3,5 p.p.
<b>External sector, USD million</b>			
Current account	-13 890	-13 876	-14
Exports of goods and services	85 545	90 351	+5,6%
Import of goods and services	-99 104	-104 266	+5,2%
Foreign direct investments	4 325	5 592	+29,3%
<b>External sector, % of GDP</b>			
Current account	-7,8	-7,5	-0,3 p.p.
Exports of goods and services	47,8	48,7	+0,9 p.p.
Import of goods and services	-55,4	-56,2	+0,8 p.p.
Foreign direct investments	2,4	3,0	+0,5 p.p.
<b>External sector, % year to year (nominal)</b>			
Exports of goods and services	95,4	105,5	+10,1 p.p.
Import of goods and services	96,2	105,2	+9 p.p.
<b>Exchange rate, UAH / USD</b>			
Average rate	8,12	8,42	+3,7%
End of period	8,24	8,66	+5,1%
<b>Consolidated budget, UAH mln</b>			
All revenues	442 240	468 882	+6%
All expenditures	498 029	521 563	+4,7%
Total balance	-56 878	-52 681	-4 197
Privatisation	1 950	6 083	+212%
<b>Consolidated budget, % of GDP</b>			
All revenues	30,5	30,0	-0,5 p.p.
All expenditures	34,3	33,4	-0,9 p.p.
Total balance	-3,8	-3,4	-0,4 p.p.
Privatisation	0,1	0,4	+0,3 p.p.
<b>Money and credit</b>			
Base money (as of the end of period), UAH mln .	290 324	324 952	+11,9%
Dec. versus Dec. of the previous year, %	13,7	11,9	-1,8 p.p.
Money supply (M3) (as of the end of period), UAH mln	886 172	1 016 466	+14,7%
Dec. versus Dec. of the previous year, %	14,6	14,7	+0,1 p.p.
Average wage of workers, UAH	3 288	3 573	+8,7%

**Consensus forecasts for 2015-2016  
(as of December 2013)**

Indicator	2015-2016		
	Average	MIN	MAX
<b>Real sector</b>			
Nominal GDP, UAH mln	1 794 169	1 726 937	1 865 281
Actual GDP, index, year to year	103,6	102,5	104,5
<b>Inflation</b>			
Consumer price index (annual average)	105,2	100,4	110,0
Producer price index (annual average)	106,6	100,7	113,0
<b>External sector</b>			
		USD mln	
Current account	-9 975	-5 493	-13 417
Exports of goods and services	93 893	106 763	45 748
Imports of goods and services	-104 855	-53 375	-120 255
Foreign direct investments	7 979	4 500	12 000
<b>External sector</b>			
		% of GDP	
Current account	-5,0	-2,4	-7,5
Exports of goods and services	46,6	42,3	54,7
Imports of goods and services	-52,1	-45,4	-60,7
Foreign direct investments	4,0	2,1	5,1
<b>External sector</b>			
		% year to year (nominal)	
Exports of goods and services	107,2	105,0	110,2
Imports of goods and services	104,9	101,2	107,2
<b>Rate of exchange, UAH/USD</b>			
Average	8,91	8,50	10,30
End of period	9,21	8,70	10,50
<b>Consolidated budget</b>			
		% of GDP	
All revenues	28,4	21,2	31,8
All expenditures	31,0	24,1	35,1
Total balance	-2,5	-2,0	-3,6
<b>Money and credit</b>			
Base money (as of the end of period), UAH mln	384 167	337 417	470 200
Dec. versus Dec. of the previous year, %	11,4	6,3	17,5
Money Supply (M3) (as of the end of period), UAH mln	1 243 821	1 061 895	1 600 000
Dec. versus Dec. of the previous year, %	14,4	8,0	21,0
NBU gross international reserves, USD mln	23 837	20 000	34 000
<b>Social indicators</b>			
Population, million persons	44,9	44,2	45,4
Monthly average wage of workers, UAH	4 069	3 550	4 650

### **Methodological explanations to Tables 2, 3, 9, 10, 11, 12 and 13:**

The aggregated nominal values were calculated as a simple averaged value of the sum of the relevant indicators presented by all the forecasting organizations that participated in the Consensus Forecast survey.

In order to equalize the averaged (consensus) figures of the aggregated nominal values with the sum of their components, the averaged values of structural indicators (such as, for example, consumption and investments) were calculated indirectly with the help of parts of these components in the aggregated value. For example, if an average weight of consumption in GDP is known, then a nominal value of consumption is equal to the sum of this weight and the value of the averaged consensus GDP calculated as a simple average.

Indexes were calculated as a simple average of the sum of the relevant indicators presented by all the organizations.

The average values of the indicators being forecasted as percentage of GDP (particularly, indicators of the external sector and budget) were calculated as a ratio of the averaged nominal value of the indicator to the relevant average GDP value. The indicators forecasted in US dollars were calculated as a percentage of GDP on the base of averaged annual exchange rate.

Growth rates of the monetary aggregates within the forecast for 2013 (as of December 2013) were calculated as the ratio of the simple averaged nominal value from individual forecasted indicators presented by the participants to the actual value of the relevant indicator for 2012, and for 2014 – as the ratio of the simple averaged nominal value from individual forecasted indicators presented by the participants to the relevant forecasted indicator for 2013 year.

Average values of the current account balance were calculated as the sum of average values of the items of the account. Average values of budget deficit / surplus were calculated as a difference between the average values of revenues and expenditures.

During preparation of the consensus forecast, the organizations attending the seminar provided the following materials:

- forecast assumptions regarding an economic policy to be pursued in 2013-2014, and some quantitative exogenous parameters of development (presented in Table 4);
- forecast of the main macroeconomic indicators for 2013 and 2014;
- additional text explanations given by some organizations regarding forecast assumptions;
- expert assessment of risks for 2013-2014 (presented in Table 5, 6, 7 and 8).

